Tung Lok Restaurants (2000) Ltd

Annual Report 2011

Annual Report 2011 | ended 31 march 2011

Contents

The details of the contact person for the Sponsor is:
Name: Mr Thomas Lam (Registered Professional, KW Capital Pte. Ltd.) Address: 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624
Tel: 6238 3377

Chairman's Statement

Dear Shareholders,

It gives me great pleasure to present you the annual report for Tung Lok Restaurants (2000) Ltd ("Tung Lok" or the "Group") for the financial year ended 31 March 2011 ("FY11") which marks the tenth anniversary of our listing on the Singapore Exchange in March 2001. I am pleased that the Group has delivered a highly commendable scorecard as we commemorate a decade as a public company committed to delivering shareholder value.

Financial Performance

As shareholders will recall, since the global financial crisis began three years ago, we have embarked on major efforts to increase internal efficiencies and improve marketing. These efforts included increasing automation, centralising more kitchen and procurement functions as well as stepping up staff training. Concurrent with these efforts to improve productivity, we also streamlined our marketing strategy to focus more on mid-range and family-style restaurants.

As consumer confidence returned after the end of the financial crisis, we were able to reap the benefits fully in the year under review. Revenue increased by 16% to S$94.3 million in FY11 from S$81.3 million in FY10 (when we were still feeling the effects of the economic crisis). Sales volume rose as we opened four new outlets – including Asian fast-food outlet Ruyi – in the second half.

More importantly, our profitability ratios increased across the board in line with productivity improvements. Gross profit increased by 17% to S$65.9 million from a year earlier, outpacing revenue growth of 16%. Net profit attributable to shareholders rose to S$4.0 million in FY11, 525% higher than S$650,000 a year ago. Earnings per share rose to 2.90 cents for FY11 from 0.46 cent for FY10 while net asset value per share rose to 7.04 cents at the end of FY11 from 4.08 cents a year earlier.

The bottom-line included a net gain of S$218,000 from our joint-venture (compared to last year's S$320,000 loss) following the reversal of accrued liabilities after finalising the closure of a China outlet. Share of profit from associates was little changed at S$176,000 despite share of start-up losses of S$100,000 from new associates.

Other operating income decreased by 6% to S$2.1 million in FY11 from S$2.3 million in FY10 as the cessation of the Government's Jobs Credit Scheme (resulting in a reduction of S$900,000) was offset by a S$700,000 training and capability development grant.

Dividend

To thank shareholders for their loyalty and support, the Board of Directors has proposed a first and final tax exempt (one-tier) dividend of 0.5 Singapore cent per ordinary share, amounting to S$700,000 and representing 17% of net profits, subject to shareholders' approval.

Operations

As outlined above, the Group benefited from efforts to improve efficiency and marketing as consumer sentiment improved during the year under review.

As of 31 March 2011 the Group operated a total of 44 outlets comprising 28 of its own restaurants, eight as associates or joint-ventures and eight under management.

In the last three years we have invested significant resources in improving operations at our central kitchen in Bukit Batok, centralised more procurement activities, and increased automation and skills training. These have helped raise productivity at the back-end and service levels at our individual outlets, reducing pressures on manpower in a tight labour market in Singapore.

Outlook and Forward Strategy

Having delivered a healthy set of results, we are not resting on our laurels. Despite the economic recovery and more tourist arrivals because of the two new integrated resorts, the Singapore food and beverage sector is highly competitive, faces manpower shortages and constantly has to contend with increases in food costs.

To meet these challenges, we will continue to streamline operations and improve productivity. New automation technology will be rolled out in more outlets and training stepped up to equip staff with the skills to deliver improved service and cuisine.

The second prong of our strategy is in branding and marketing. We have reviewed our portfolio of restaurants and have concluded that the Tung Lok brand is a household name and asset we can build upon even as we open more new outlets, particularly in the mid-range category. Our marketing efforts will include digital strategies to tap the social media and younger patrons.

Board and Management Appointments

During the year under review, Mr Wee Kheng Jin was appointed Non-Independent and Non-Executive Director (on 1 September 2010) of the Board. With the dissolution of the Executive Committee on 7 March 2011, Mr Wee was appointed to the Nominating Committee of the Board and Ms Juliette Lee Hwee Khoon to the Remuneration Committee of the Board.

On 1 May 2010, Mr Ng Chi Hung, Ricky, was appointed as Chief Operating Officer.

We congratulate them on their appointments.

Acknowledgements and Appreciation

The accomplishments in the year under review were the combined result of hard work by committed management and staff executing a clear strategy to improve efficiency and marketing. Their efforts would have been in vain if not for the support of our customers, directors, business partners, banker, suppliers, and our loyal shareholders. To all of you, let me extend the heartfelt appreciation of the Board. We seek your continued support even as we join hands to bring Tung Lok to greater heights.

Andrew Tjioe
Executive Chairman
22 June, 2011

Corporate Information

BOARD OF DIRECTORS

Mr Tjioe Ka Men
Executive Chairman

Ms Tjioe Ka In
Executive Director

Ker Sin Tze (Dr)
Independent Director

Tan Eng Liang (Dr)
Independent Director

Mr Ch'ng Jit Koon
Independent Director

Mr Wee Kheng Jin
Non-Executive Director

Mr Goi Seng Hui
Non-Executive Director

EXECUTIVE COMMITTEE*

Tan Eng Liang (Dr) (Chairman)
Ker Sin Tze (Dr)
Mr Ch'ng Jit Koon
Mr Tjioe Ka Men
Ms Tjioe Ka In

*Dissolved on 7 March 2011

NOMINATING COMMITTEE

Ker Sin Tze (Dr) (Chairman)
Tan Eng Liang (Dr)
Mr Ch'ng Jit Koon
Mr Tjioe Ka Men
Mr Wee Kheng Jin

REMUNERATION COMMITTEE

Mr Ch'ng Jit Koon (Chairman)
Tan Eng Liang (Dr)
Ker Sin Tze (Dr)

AUDIT COMMITTEE

Tan Eng Liang (Dr) (Chairman)
Ker Sin Tze (Dr)
Mr Ch'ng Jit Koon
Mr Wee Kheng Jin

COMPANY SECRETARY

Stella Chan

REGISTERED OFFICE

1 Sophia Road #05-03
Peace Centre
Singapore 228149
Tel: 6337 1712
Fax: 6337 4225

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

AUDITORS

Deloitte & Touche LLP
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Partner in charge:
Cheng Ai Phing
Date of appointment: 23 July 2010

PRINCIPAL BANKERS

United Overseas Bank Ltd
Standard Chartered Bank

Historical Financial Summary

OPERATING RESULTS FOR THE GROUP

$'000	FY2007	FY2008	FY2009	FY2010	**FY2011**
	←	Restated*	→		
Turnover	69,871	75,902	73,428	81,343	**94,303**
Profit / (Loss) before tax and share of Profit (Loss) of Joint Ventures & Associates	2,659	2,768	228	1,415	**4,294**
Share of Profit / (Loss) of Joint Ventures & Associate	(1,139)	(1,481)	(2,482)	(136)	**394**
Taxation	(600)	(882)	(323)	(555)	**(748)**
Profit / (Loss) after taxation but before minority interests	920	405	(2,576)	724	**3,940**
Profit / (Loss) attributable to the equity holders of the company	779	88	(2,686)	650	**4,060**

FINANCIAL POSITION FOR THE GROUP

As at

$'000	31 Mar 2007	31 Mar 2008	31 Mar 2009	31 Mar 2010	**31 Mar 2011**
	←	Restated*	→		
Property, plant and equipment	8,538	10,547	11,194	13,639	**12,103**
Intangible asset	92	72	52	32	**12**
Goodwill on consolidation	204	204	204	-	**-**
Current assets	15,930	17,162	13,808	20,247	**22,467**
Other non-current assets	2,771	2,451	1,976	2,167	**3,051**
Total assets	**27,535**	**30,436**	**27,234**	**36,085**	**37,633**
Current liabilities	16,559	19,686	18,608	23,421	**21,838**
Non-current liabilities	2,364	1,961	2,634	5,916	**5,374**
Shareholders' equity	8,022	7,813	4,855	5,714	**9,862**
Minority interests	590	976	1,137	1,034	**559**
Total liabilities and equity	**27,535**	**30,436**	**27,234**	**36,085**	**37,633**
NTA per share cents	5.52	5.38	3.29	4.06	**7.04**

NOTE
1. The restated financials from 2007 to 2009 was due to the implementation of INT FRS 113 – Customer Loyalty Programmes in 2010.

Board of Directors

ANDREW TJIOE was appointed to the Board since 28 September 2000, and is a Member of the Nominating Committee. In July 2006, he was appointed as Executive Chairman, and continues to spearhead the Group's overall direction. He founded Tung Lok Shark's Fin Restaurant Pte Ltd in 1984. He has since established a chain of reputable restaurants in Singapore, Indonesia, Japan, China and India, and continues to lead the Group from strength to strength.

In 1997 and 2002, in recognition of his success, Mr Tjioe was awarded the "Singapore Restaurateur of the Year" by Wine & Dine. In November 2000, he was presented the "International Management Action Award" (IMAA) by Institute of Management and Spring Singapore jointly for Excellence in Management Action for his outstanding management of the Tung Lok Group. In 2001, he was awarded the "Tourism Entrepreneur of the Year Award" by the Singapore Tourism Board. At the World Gourmet Summit Awards of Excellence 2005, he was awarded the "Lifetime Achievement Award", in recognition of his innovative contributions and tireless dedication to the restaurant industry in Singapore and abroad. In November 2006, he was named the "Hospitality Entrepreneur of the Year" in the Hospitality Asia Platinum Awards Singapore Series 2006-07, conceptualised to recognise the dedication and commitment of industry-related players beyond the call of duty. In November 2007, Andrew received the "Most Creative Entrepreneurial Leaders of Asia-Pacific Award" at the APCE (Asia-Pacific Chinese Entrepreneurial Leaders Forum) 2007. In February 2008, he was honoured with the "International Star Diamond Lifetime Achievement Award" from the New York-based American Academy of Hospitality Sciences. This is often referred to as the 'Oscars' of the service sector. At the World Gourmet Summit Awards of Excellence 2011, Mr Tjioe was named "Restaurateur of the Year" (Regional Category).

Mr Tjioe is currently the Vice-President of the Restaurant Association of Singapore (RAS); the Vice-President of the Franchising and Licensing Association of Singapore; as well as a member of the Board of Directors of the SHATEC Institute, which is the educational institute of the Singapore Hotel Association (SHA).

Mr Tjioe is a graduate in Business Administration from Oklahoma State University, USA.

TJIOE KA IN was appointed to the Board on 1 March 2001 and was last re-elected on 27 July 2009. She joined Tung Lok Group in 1988 and currently holds the appointment of Executive Director of the Group. Her primary responsibilities include strategic planning and ensuring smooth operations of Tung Lok's restaurants in Singapore and Indonesia.

Currently, Ms Tjioe oversees the operation of Tung Lok's Central Kitchen. Its primary business is in production of gourmet dim sum and snacks for both local and export markets, premium moon cakes and festive goodies such as nian gao and Chinese pastries. Her responsibilities include product development and planning.

Ms Tjioe holds a Bachelor of Science Degree in Hotel and Restaurant Management from Oklahoma State University, USA. She was President of the Lions Club of Singapore Oriental for the term year 2000/2001, and is presently a member of the Ulu Pandan Community Club Management Committee.

DR TAN ENG LIANG was appointed as an Independent Director of our Company on 1 March 2001 and was last re-elected on 23 July 2010. He is the Chairman of the Audit Committee and also a Member of the Nominating Committee and Remuneration Committee. Dr Tan was a Member of Parliament from 1972 to 1980, the Senior Minister of State for National Development from 1975 to 1978 and Senior Minister of State for Finance from 1978 to 1979. He also served as the Chairman of the Urban Redevelopment Authority, Singapore Quality & Reliability Association and the Singapore Sports Council. Dr Tan has a Doctorate from Oxford University, England. Dr Tan was awarded the Public Service Star (BBM), Public Service Star (BAR) and the Meritorious Service Medal by the Singapore Government. Dr Tan is also a director of the following public listed companies: Sunmoon Food Company Ltd, Progen Holdings Ltd, Sapphire Corporation Limited, United Engineers Ltd, Hartawan Holdings Limited and HG Metal Manufacturing Limited.

DR KER SIN TZE was appointed as an Independent Director on 1 March 2001 and was last re-elected on 28 July 2008. He is the Chairman of the Nominating Committee, and also a Member of the Audit Committee and Remuneration Committee. Dr Ker is currently the Consul-General of Singapore Consulate in Hong Kong. He holds a Bachelor of Commerce degree from Nanyang

University, M.A.(Economics) and Ph.D(Economics) degree from the University of Manitoba, Canada. He lectured at the then University of Singapore from 1974 to 1980. He joined Liang Court Pte Ltd as Managing Director in 1980 until September 1991. In September 1990, he was appointed as the Executive Chairman of Superior Multi-Packaging Limited (formerly known as Superior Metal Printing Limited), a public listed company. In August 1991, Dr Ker was elected to Parliament. He resigned from Liang Court Pte Ltd and Superior Multi-Packaging Limited at the end of 1991 to take up his appointment as Minister of State for Information and the Arts and Minister of State for Education in January 1992. He resigned from his government posts and returned to the private sector in September 1994. He served as a Member of Parliament during the period 1991 to 2001.

CH'NG JIT KOON was appointed as an Independent Director on 20 December 2002 and was last re-appointed on 23 July 2010. He is the Chairman of the Remuneration Committee and is also a Member of the Audit Committee and Nominating Committee. Mr Ch'ng, a Justice of the Peace, was a Member of Parliament from 1968 to 1996. He was holding the post of Senior Minister of State when he retired in January 1997. In addition to holding directorships in several other public listed and private companies in Singapore, he also serves in several community organizations.

WEE KHENG JIN was appointed as a Non-Executive Director of our Company on 1 September 2010. He will seek re-election at the forthcoming Annual General Meeting. He is a Member of the Audit Committee and Nominating Committee. Mr Wee is currently an Executive Director of Far East Organization. He holds a Bachelor of Accountancy from the University of Singapore. Prior to joining Far East Organization in February 2000, he worked in various positions in Citigroup for 16 years including several years as its Country Financial Controller and board member of Citicorp Investment Bank Singapore Limited. He is currently on the board of Yeo Hiap Seng Limited and holds directorship in several other private companies involved in real estate related activities and hospitality services

GOI SENG HUI was appointed as a Non-Executive Director of our Company on 23 June 2011. He will seek re-election at the forthcoming Annual General Meeting. Mr Goi is the Executive Chairman of Tee Yih Jia Food Manufacturing (TYJ), a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China. He also has a growing property development business in China.

An active corporate citizen, Mr Goi serves as Chairman on numerous committees such as the International Trade Committee of the Singapore Chinese Chamber of Commerce & Industry and the Food Manufacturing Working Group, as well as the Ulu Pandan Citizens' Consultative Committee. He also sits on the board of many committees such as the Dunman High School Advisory Committee, Singapore Badminton Association, Futsing Association, Kong Hwa School Alumni, Singapore Table Tennis, Tan Kah Kee Foundation and the Nanyang Gwee Clan Association. A member of the CDAC Board of Trustees, Business China and Singapore Manufacturers' Federation, Mr Goi also serves as the Honorary Life President of the Enterprise 50 Club and is the Vice Chairman of IE Singapore's "Network China" Steering Committee as well as its regional representative for Fuzhou City and Fujian Province. He is currently the Honorary Chairman for the International Federation of Fuqing Association and is a council member for the Singapore Zhejiang Economic & Trade Council. In recognition of his leadership, Mr Goi was awarded the Public Service Star (BBM) in 2004 and the "Leadership Award in Philanthropy" by *Singapore Tatler* magazine in 2005. Among other accolades, TYJ was awarded first place among Singapore's best 50 companies in Year 2000's Enterprise 50 awards and was a winner of Ernst & Young's "Entrepreneur of the Year" Award 2004 (Services and Business Products category).

Management Team

RICKY NG
Chief Operating Officer

Ricky began his career with Tung Lok Group in 1999 at the then Club Chinois, as Deputy General Manager. In 2001, he was promoted to Senior General Manager.

In 2006, he was promoted to Vice President – Operations, and in 2008, became Executive Vice President, overseeing the operations of the Group's stable of restaurants while assisting the Executive Chairman in new business development.

As Chief Operating Officer, Ricky's primary responsibility is to manage the Group's restaurant operations and food services, improving productivity and efficiency, and business development.

Ricky was formally trained at the Australian School of Tourism and Hotel Management. Prior to joining Tung Lok Group, he had gained a wealth of experience in the F&B trade in the last two decades, having worked at well-known establishments such as Hayman Island Resort Hotel, Queensland; Conrad International, Hong Kong; and Stamford Hotels & Resorts, Sydney.

LIM QUEE TECK
Chief Financial Officer

Prior to joining the Group in 2001, Lim Quee Teck was responsible for the finance and accounting functions of Natsteel Electronics Ltd and its subsidiaries. Armed with many years of financial and business experience in both local and international companies, his portfolio includes heading the Finance & MIS department at Olivetti Singapore before moving to Singapore Technologies. Lim Quee Teck is a Certified Public Accountant.

JOCELYN TJIOE
Senior Vice President, Administration

A diploma graduate in Business Studies from Ngee Ann Polytechnic, Jocelyn is armed with many years of experience in purchasing, administration and human resources. In her current capacity as Senior Vice President, Jocelyn ensures the constant and prompt supply of quality products and materials crucial to the operations of the restaurants. She also oversees the Human Resources and Administrative functions of the Group, and works closely with tertiary education centres and recruitment agencies to identify and hire talents.

VINCENT PHANG
Senior Vice President, Banquet and Catering Sales

Vincent joined the Group in 1998. With a career spanning of 15 years, he had worked in various hotels from Boulevard Hotel to Le Meridien Singapore, as well as Fort Canning Country Club. In his current capacity, Vincent is overall responsible for the banquet and catering operations of the Group. A graduate from SHATEC, he also holds various certificates from the American Hotels & Motels Association, Premier Sales & Marketing for hospitality professionals from Asia Connect & HSMAI Asia Pacific and 'More Sales Thru Service Excellence' from the Marketing Institute of Singapore. At the Singapore Excellent Service Award 2004 organised by Spring Singapore and Singapore Tourism Board, Vincent was presented with the Star Award for his outstanding contribution and commitment to providing top quality service.

WOODY ACHUTHAN
Vice President, Operations, Training & Customer Services

Prior to joining the Group in 2001, Woody was with United Airlines as its Onboard Services-Chief Purser and Instructor based in Singapore. During his fifteen years' service with United Airlines, he taught trainees on customer service excellence, food and beverage presentation skills, onboard marketing, and product offering, amongst other training programmes. His personal achievements included the "Five Star Diamond Award", "Most Valuable Player Corporate Award", as well as Employee of the Year 1998. In his current role, Woody is responsible for the Group's training in areas such as customer relationship management and service excellence. He also oversees the daily operations of Garuda Padang Cuisine.

CAROLYN TAN
Senior Vice President, Marketing & Corporate Communications

Carolyn joined the Group in 2002 as Marketing Communications Manager. Armed with years of experience in the marketing communications field, mainly from the hotel industry, her past employments include top hotel chains such as Westin, Hyatt, Holiday Inn, Raffles and Millennium & Copthorne International. In 2003, she was promoted to Director of Marketing, and in 2007, was appointed Vice President – Marketing & Corporate Communications. In her current capacity as Senior Vice President, she is in charge of the Marketing, Loyalty Programme, and Graphics Design teams, spearheading the marketing, promotional, public relations, and membership activities of the Group. She is also responsible for strategising plans to maintain the corporate and brand identity of the Group, as well as handling Special Projects. Carolyn holds a Bachelor of Arts in Mass Communications from the Royal Melbourne Institute of Technology.

CHUA POH YORK
Senior Vice President, Operations

Poh York joined the Group in 1985 as Assistant Manager of Tung Lok Restaurant. Subsequently, she became General Manager of Paramount Restaurant in 1993. In her current capacity as Senior Vice President, Operations, she manages and oversees the daily operations of Tung Lok Seafood, as well as spearheads the implementation of the 5-S system to improve workplace organization in the Group's restaurants, and mentoring younger managers.

Statement of Corporate Governance

TUNG LOK RESTAURANTS (2000) LTD (the "Company") is committed to ensuring and maintaining a high standard of corporate governance within the Group. This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2005 (the "Code"). The Company will continue to improve its systems and corporate governance processes in compliance with the Code.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: **Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.**

The Board of Directors (the "Board") conducts at least three meetings a year and as warranted by circumstances. The Company's Articles of Association allow a board meeting to be conducted by way of a telephone conference or by means of a similar communication equipment whereby all persons participating in the meeting are able to hear each other.

The attendance of the directors at meetings of the Board and Board committees during the financial year ended 31 March 2011 ("FY2011") is as follows :

Name	BOARD MEETING		AUDIT COMMITTEE		EXECUTIVE COMMITTEE#		REMUNERATION COMMITTEE		NOMINATING COMMITTEE	
	NO. OF MEETINGS		NO. OF MEETINGS		NO. OF MEETINGS		NO. OF MEETINGS		NO. OF MEETINGS	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tjioe Ka Men	4	4	-	-	5	5	-	-	1	1
Tjioe Ka In	4	4	-	-	5	5	-	-	-	-
Tan Eng Liang	4	4	4	4	5	5	2	2	1	1
Ker Sin Tze	4	4	4	4	5	5	2	2	1	1
Ch'ng Jit Koon	4	3	4	3	5	4	2	2	1	1
Juliette Lee Hwee Khoon*	4	4	4	4	-	-	N.A.	N.A.	-	-
Wee Kheng Jin**	3	3	3	3	-	-	-	-	N.A.	N.A.
Goi Seng Hui***	N.A.	N.A.	-	-	-	-	-	-	-	-

* Appointed as Member of Remuneration Committee on 7 March 2011/Resigned from the Board on 23 June 2011

** Appointed as Non Executive and Non-Independent Director and a Member of the Audit Committee on 1 September 2010/ Appointed as Member of Nominating Committee on 7 March 2011

*** Appointed as Non Executive and Non-Independent Director on 23 June 2011

\# Executive Committee was dissolved on 7 March 2011

The Board is responsible for :

(1) reviewing and adopting a strategic plan for the Company;

(2) overseeing the conduct of the Company's business to evaluate whether the business is being properly managed; and

(3) establishing a framework for proper internal controls and risk management.

Statement of Corporate Governance

Matters, which are specifically reserved to the full Board for decision are those involving material acquisitions and disposals of assets, corporate or financial restructuring and share issuances. Specific Board approval is required for any investments or expenditure exceeding $200,000/- in total. Additionally, the Board delegates certain of its functions to the Executive, Audit, Nominating and Remuneration Committees.

These Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly reviewed by the Board.

The Executive Committee ("EXCO") was formed to assist the Board in the management of the Group. The EXCO comprises the following members: -

Dr Tan Eng Liang (Chairman & Independent Director)
Dr Ker Sin Tze (Independent Director)
Mr Ch'ng Jit Koon (Independent Director)
Mr Tjioe Ka Men (Chairman of the Board)
Ms Tjioe Ka In (Executive Director)

The EXCO evaluates and recommends to the Board policies on matters covering financial control and risk management of the Group, monitors the effectiveness of the policies set down by the Board and make recommendations or changes to the policies with the Group's financial objectives in mind. In addition, the EXCO recommends to the Board investments, acquisitions or disposals and monitors the funding needs of the Group. It also reviews the financial performance of the Group and initiates actions as are appropriate for the management of the Group. The EXCO was dissolved on 7 March 2011 as part of the terms of reference of the EXCO will be covered by the Audit Committee and the remaining terms of reference will be more effectively deliberated directly at the board level.

On appointment, the Chairman of the Board will brief new Directors on the Group's business and policies. Directors and senior executives are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises seven (7) directors, of whom two (2) are executive directors, three (3) non-executive and independent directors and two (2) non-executive and non-independent directors . As at the date of this report, the Board comprises the following members:

Mr Tjioe Ka Men (Executive Chairman)
Ms Tjioe Ka In (Executive Director)
Dr Tan Eng Liang (Non-Executive and Independent Director)
Dr Ker Sin Tze (Non-Executive and Independent Director)
Mr Ch'ng Jit Koon (Non-Executive and Independent Director)
Mr Goi Seng Hui (Non-Executive and Non-Independent Director) (Appointed on 23 June 2011)
Mr Wee Kheng Jin (Non-Executive and Non-Independent Director) (Appointed on 1 September 2010)
Ms Juliette Lee Hwee Khoon (Non-Executive and Non-Independent Director) (Resigned on 23 June 2011)

The criterion for independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgement of the conduct of the Group's affairs.

Statement of Corporate Governance

The Board is of the view that the current board size of seven directors is appropriate, taking into account the nature and scope of the Group's operations and the Board as a whole, possesses core competencies required for the effective conduct of the Group's affairs. Profiles of the Directors are found in the "Board of Directors" section of this Annual Report.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Mr Tjioe Ka Men is the Executive Chairman of the Company. As Executive Chairman, Mr Tjioe Ka Men bears responsibility for the workings of the Board and, together with Audit Committee, ensures the integrity and effectiveness of the governance process of the Board.

Mr Tjioe Ka Men also bears executive responsibility for the management of the Group.

The Board is of the view that, given the scope and nature of the operations of the Group and the strong element of independence of the Board, it is not necessary to separate the functions of Executive Chairman and Chief Executive Officer.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Nominating Committee ("NC") comprises five directors of whom three are non-executive and independent directors, one is an executive director and one is a non-executive and non-independent director as follows: -.

Dr Ker Sin Tze (Chairman)
Dr Tan Eng Liang
Mr Ch'ng Jit Koon
Mr Tjioe Ka Men
Mr Wee Kheng Jin (Appointed on 7 March 2011)

The NC has adopted specific written terms of reference and its role is to establish a formal and transparent process for the following, amongst others :-

(1) the appointment or re-appointment of members of the Board;

(2) evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board; and

(3) determining the independence of directors in accordance with Guidance Note 2.1 of the Code.

The Articles of Association of the Company require one-third of the Board to retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

Statement of Corporate Governance

The NC recommended the re-election of Dr Ker Sin Tze pursuant to Article 91 and Mr Wee Kheng Jin and Mr Goi Seng Hui pursuant to Article 97 of the Company's Articles of Association and the re-appointment of Mr Ch'ng Jit Koon and Dr Tan Eng Liang pursuant to Section 153(6) of the Companies Act at the forthcoming AGM.

With close to half of the Board comprising independent non-executive Directors, the Board is able to exercise objective judgment on corporate affairs independently, and no individual or small group of individuals dominate the Board's decision making.

The Company has in place policies and procedures for the appointment of new directors including the description on the search and nomination process.

Other key information regarding directors could be found in the Board of Directors Section in this Annual Report.

Although the independent directors hold directorships in other companies, which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. These directors would widen the experience of the Board and give it a broader perspective.

The NC evaluated the Board's performance as a whole in FY2011 based on performance criteria set by the Board. Each individual director assessed the performance of the Board as a whole and himself. The NC Chairman would then assess each director and the Board's performance as a whole. The assessment parameters include attendance record at the meetings of the Board and the relevant committees, intensity of participation at meetings, quality of discussions and any special contributions. The performance criteria do not include the financial indicators set out in the Code as guides for the evaluation of the Board as the Board is of the view that the aforesaid indicators are more appropriate measures of Board's performance. The performance measurements ensure that the mix of skills and experience of the directors continue to meet the needs of the Group. The NC is of the view that each individual director has contributed to the effectiveness of the Board as a whole.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with at least half-yearly management accounts, the EXCO with quarterly management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and Audit Committee meetings to answer queries and provide detailed insights into their areas of operations. A quarterly report of the Group's activities is also provided to the EXCO.

The Board, either individually or as a group, in the furtherance of their duties, has access to independent professional advice, if necessary, at the Company's expense.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary is represented at all board meetings and audit committee meetings. The Company Secretary assists the Board to ensure that Board procedures are followed and that applicable rules and regulations are complied with.

Statement of Corporate Governance

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Remuneration Committee ("RC") comprises three directors, of whom all are non-executive and independent directors. The RC has adopted specific terms of reference.

The members of the RC are as follows :-

Mr Ch'ng Jit Koon (Chairman)
Dr Tan Eng Liang
Dr Ker Sin Tze
Ms Juliette Lee Hwee Khoon (Appointed on 7 March 2011 and resigned on 23 June 2011)

The RC's main duties are: -

(a) to review and recommend to the Board in consultation with management and the Chairman of the Board: -
  - (i) a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the executive directors/key executives;
  - (ii) a framework of remuneration and specific remuneration packages for non-executive directors; and
  - (iii) remuneration of employees related to the executive directors and controlling shareholders of the Group.

(b) to recommend to the Board, in consultation with management and the Chairman of the Board, the Executives' Share Option Schemes or any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and

(c) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

As part of its review, the RC shall ensure that :

(a) all aspects of remuneration, including director's fees, salaries, allowances, bonuses, options and benefits-in-kinds should be covered;

(b) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive directors' performances; and

(c) the remuneration package of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

Statement of Corporate Governance

No director is involved in deciding his own remuneration. The non-executive and independent directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Committees.

All aspects of remuneration, including but not limited to directors' fee, salaries, allowances, bonuses, and benefits-in-kind shall be reviewed by the RC.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The details of the remuneration of directors of the Group disclosed in bands for services rendered during the financial year ended 31 March 2011 are as follows:

	Number of directors	
	2011	**2010**
$500,000 and above	-	-
$250,000 to $499,999	1	1
Below $249,999	6	5
Total	7	6

Directors' Remuneration

	Remuneration Band	Salary & Fees %	Performance Based Bonuses %	Other Benefits %	Total Remuneration %
Executive Directors					
Tjioe Ka Men	**C**	**100**	**-**	**-**	**100**
Tjioe Ka In	**B**	**100**	**-**	**-**	**100**
Non-Executive Directors					
Tan Eng Liang	**A**	**100**	**-**	**-**	**100**
Ker Sin Tze	**A**	**100**	**-**	**-**	**100**
Ch'ng Jit Koon	**A**	**100**	**-**	**-**	**100**
Juliette Lee Hwee Khoon	**A**	**100**	**-**	**-**	**100**
Wee Kheng Jin	**A**	**100**	**-**	**-**	**100**

Remuneration Band "A" = <S$150,000
Remuneration Band "B" = S$150,000 – S$250,000
Remuneration Band "C" = >S$250,000

Statement of Corporate Governance

The service contracts of the executive directors, key executives and employees related to our Directors are reviewed periodically by the RC. According to the respective contracts :-

a) the remuneration include a fixed salary, a bonus and a variable performance bonus which is linked to the Group and individual performance; and

b) there are no onerous compensation commitments on the part of the Company in the event of a termination of the service of an executive director.

The Company does not have any employee share option schemes or other long-term incentive schemes for directors at the moment.

The overall wage policies for the employees are linked to performance of the Group as well as individual and determined by the Board and its Remuneration Committee. The Board will respond to any queries raised at AGMs pertaining to such policies. Accordingly, it is the opinion of the Board that there is no necessity for such policies to be approved by the shareholders.

Disclosure of the top five executives' remuneration (executives who are not directors of the Company) in the following bands for FY2011 is as follows :-

Name of Executive	Remuneration Band	Salary %	Performance Based Bonuses %	Other Benefits %	Total %
Ricky Ng Chi Hung	B	93	7	-	100
Phang Chwee Kin	B	71	29	-	100
Tjioe Ka Lie*	B	100	-	-	100
Lim Quee Teck	A	100	-	-	100
Li Ngai Man	A	93	7	-	100

*** Immediate Family Member of Directors or Substantial Shareholders**

Tjioe Ka Lie is the sister of the Executive Chairman, Mr Tjioe Ka Men, and a Director, Ms Tjioe Ka In.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

Statement of Corporate Governance

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises the following four non-executive Directors, majority of whom including the Chairman, are independent :

Dr Tan Eng Liang (Chairman)
Dr Ker Sin Tze
Mr Ch'ng Jit Koon
Mr Wee Kheng Jin (Appointed on 1 September 2010)
Ms Juliette Lee Hwee Khoon (Resigned on 23 June 2011)

The AC has adopted specific terms of reference.

The AC meets at least three times a year to perform the following functions, amongst others: -

1) reviews the audit plans of our Group's external and internal auditors;

2) reviews with the external auditors the scope and results of the audit;

3) reviews the co-operation given by our Group's officers to the external auditors;

4) reviews the financial statements of our Group before submission to the Board of Directors;

5) nominates external auditors for re-appointment and reviews their independence;

6) reviews interested person transactions; and

7) reviews internal audit findings and adequacy of the internal audit function.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities.

The external auditors have full access to the AC and the AC has full access to the management. The AC has the power to commission investigations into any matter, which has or is likely to have material impact on the Group's operating results or financial results.

For FY2011, the AC met once with the external auditors without the presence of the management. The AC reviewed the findings of the auditors and the assistance given to them by management.

The AC has undertaken a review of all non-audit services provided by the external auditors for FY2011 and is satisfied that such services would not in the AC's opinion affect the independence of the external auditors.

The external auditors carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations. The internal auditors follow up on the external auditors' recommendations in a joint effort to strengthen the Group's internal control systems.

The AC has reviewed and, based on the audit reports (of both internal and external auditors) and management controls in place, is satisfied that there are adequate internal controls in the Group.

The Company has in place a whistle-blowing framework where staff of the Company can access the AC Chairman and members or the Head of Human Resource to raise concerns about improprieties.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The AC will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management policies and systems, is conducted annually. In this respect, the AC will review the audit plans of the internal and external auditors, and the findings of the internal and external auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

The Group has in place a system of internal control and risk management policies and systems for ensuring proper accounting records and reliable financial information, as well as management of business risks with a view to safeguarding shareholders' investments and the Company's assets. The risk management framework implemented provides for systematic and structured review and reporting of the assessment of the degree of risk, evaluation and effectiveness of controls in place and the requirements for further controls.

The Group's risk factors and management are set out in the notes to the financial statements in this Annual Report.

Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

An internal audit function has been set up. The internal auditor primarily reports to the Chairman of the AC, and also to the Chief Financial Officer on administrative matters. The internal audit plan is approved by the AC. The results of the audit findings are submitted to the AC for its review at its meeting. The scope of the internal audit covers the audits of all operations.

The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company in view of the current scale of operations.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGM's and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;
(b) Annual Report prepared and issued to all shareholders;
(c) Press releases on major developments of the Group;
(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM"); and
(e) Company's website at www.tunglok.com at which shareholders can access information on the Group.

The Company's AGMs/EGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meetings to answer any question relating to the work of these committees. The External Auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Statement of Corporate Governance

Shareholders are encouraged to attend the AGMs/EGMs to ensure high level of accountability and to stay appraised of the Group's strategy and goals. Notices of the meetings are advertised in newspapers and announced on SGXNET.

DEALING IN SECURITIES

The Company has in place a policy prohibiting share dealings by Directors and employees of the Company for the period of one month prior to the announcement of the Company's half yearly and yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

INTERESTED PERSON TRANSACTIONS

The Company adopted an internal policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Group. The Audit Committee has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders.

Details of interested person transactions for the financial period ended 31 March 2011 are as follows:

Name of Interested Person	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)
1) Novena Point Pte Ltd 2) Orchard Central Pte Ltd	$998,000 $681,000	Nil. The Company does not have a general mandate.

MATERIAL CONTRACTS

No material contracts to which the Company or its subsidiary is a party and which involve interests of directors or controlling shareholders subsisted at the end of the financial year or have been entered into since the end of the previous financial year except one of its wholly-owned subsidiaries entered into two rental contracts with one of its controlling shareholders as announced on 28 February 2011 and 18 March 2011 and as disclosed in Note 33, Operating Lease Arrangements of the notes to financial statement.

SPONSORSHIP

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is KW Capital Pte. Ltd. There was no non-sponsor fee paid to the Sponsor.

Financial Content

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended March 31, 2011.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Tjioe Ka Men
Tjioe Ka In
Ker Sin Tze (Dr)
Tan Eng Liang (Dr)
Ch'ng Jit Koon
Juliette Lee Hwee Khoon
Wee Kheng Jin (Appointed on September 1, 2010)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The company		**Ordinary shares**		
Tjioe Ka Men	226,000	226,000	53,889,000	54,679,000
Tjioe Ka In	54,000	54,000	53,200,000	53,200,000

By virtue of section 7 of the Singapore Companies Act, Mr Tjioe Ka Men and Ms Tjioe Ka In are deemed to have an interest in the company and all the related corporations of the company.

The directors' interests in the shares of the company at April 21, 2011 were the same at March 31, 2011.

Report of the Directors

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

(b) Option exercised

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

6 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members, all of whom are independent directors other than Juliette Lee Hwee Khoon and Wee Kheng Jin.

Tan Eng Liang (Dr) (Chairman)
Ker Sin Tze (Dr)
Ch'ng Jit Koon
Juliette Lee Hwee Khoon
Wee Kheng Jin

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

a) the audit plans and results of the internal auditors' examination and evaluation of the group's systems of internal accounting controls;

b) internal audit findings and adequacy of the internal audit function;

c) the audit plans and the results of the external auditors;

Report of the Directors

6 AUDIT COMMITTEE (cont'd)

d) the financial statements of the company and the consolidated financial statements of the group before their submission to the Board of Directors of the company and external auditors' report on those financial statements;

e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;

f) interested person transactions;

g) the re-appointment of the external auditors of the group and their independence; and

h) the co-operation and assistance given by the management to the group's external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Tjioe Ka Men

Tjioe Ka In

Singapore
Date: June 22, 2011

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 25 to 77 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at March 31, 2011, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, with the continued financial support by one of its major shareholders, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Tjioe Ka Men

Tjioe Ka In

Singapore
Date: June 22, 2011

Independent Auditors' Report

to the Members of Tung Lok Restaurants (2000) Ltd

Report on the Financial Statements

We have audited the financial statements of Tung Lok Restaurants (2000) Ltd (the company) and its subsidiaries (the group) which comprise the statements of financial position of the group and the company as at March 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 77.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair balance sheets and profit and loss accounts and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at March 31, 2011 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Cheng Ai Phing
Partner

Singapore
Date: June 22, 2011

Statements of Financial Position

March 31, 2011

	Note	Group 2011	Group 2010	Company 2011	Company 2010
		$	$	$	$
ASSETS					
Current assets					
Cash and bank balances	6	18,403,468	16,173,890	171,663	164,722
Trade receivables	7	1,068,109	1,398,334	-	-
Other receivables and prepayments	8	893,337	684,850	2,775,991	20,810
Inventories	9	2,102,345	1,989,086	-	-
Total current assets		22,467,259	20,246,160	2,947,654	185,532
Non-current assets					
Trade receivables - non-current	7	94,126	124,579	-	-
Other receivables - non-current	8	133,880	-	-	-
Long-term security deposits	10	1,930,813	1,807,470	-	-
Subsidiaries	11	-	-	4,728,580	4,434,239
Joint ventures	12	-	-	75,000	60,000
Associates	13	891,409	110,329	-	-
Available-for-sale investments	14	-	125,000	-	-
Other intangible asset	15	12,430	32,446	-	-
Goodwill	16	-	-	-	-
Property, plant and equipment	17	12,103,222	13,638,536	-	-
Total non-current assets		15,165,880	15,838,360	4,803,580	4,494,239
Total assets		37,633,139	36,084,520	7,751,234	4,679,771

See accompanying notes to financial statements.

Statements of Financial Position

March 31, 2011

	Note	Group 2011	Group 2010	Company 2011	Company 2010
		$	$	$	$
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	7,063,476	7,568,547	-	--
Other payables	19	11,795,478	13,191,518	5,986,037	3,995,775
Current portion of finance leases	20	262,206	271,222	-	-
Bank loans - current portion	21	1,992,996	2,173,288	-	-
Income tax payable		723,237	216,474	-	-
Total current liabilities		21,837,393	23,421,049	5,986,037	3,995,775
Non-current liabilities					
Other payables – non-current	19	490,240	287,879	-	-
Finance leases	20	239,843	380,869	-	-
Long-term bank loans	21	4,015,424	4,558,267	-	-
Deferred tax liabilities	22	629,064	688,528	-	-
Total non-current liabilities		5,374,571	5,915,543	-	-
Capital, reserves and minority interests					
Share capital	23	10,269,503	10,269,503	10,269,503	10,269,503
Currency translation deficit		(34,573)	(122,023)	-	-
Accumulated losses		(373,237)	(4,433,633)	(8,504,306)	(9,585,507)
Equity attributable to owners of the company		9,861,693	5,713,847	1,765,197	683,996
Non-controlling interests		559,482	1,034,081	-	-
Total equity		10,421,175	6,747,928	1,765,197	683,996
Total liabilities and equity		37,633,139	36,084,520	7,751,234	4,679,771

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

year ended March 31, 2011

	Note	2011	2010
		$	$
Revenue	24	94,303,437	81,343,213
Cost of sales		(28,384,873)	(25,086,463)
Gross profit		65,918,564	56,256,750
Other operating income	25	2,141,363	2,278,635
Administrative expenses		(29,677,366)	(27,523,170)
Other operating expenses	26	(33,745,887)	(29,306,568)
Share of profit (loss) of joint ventures	12	217,875	(320,763)
Share of profit of associates	13	176,168	184,742
Finance costs	27	(342,610)	(289,905)
Profit before tax		4,688,107	1,279,721
Income tax expense	28	(747,806)	(555,343)
Profit for the year	29	3,940,301	724,378
Other comprehensive income:			
Exchange differences on translation of foreign operations representing total other comprehensive income for the year		82,946	206,464
Total comprehensive income for the year, net of tax		4,023,247	930,842
Profit (loss) attributable to:			
Owners of the company		4,060,396	649,570
Non-controlling interests		(120,095)	74,808
		3,940,301	724,378
Total comprehensive income (loss) attributable to:			
Owners of the company		4,147,846	859,791
Non-controlling interests		(124,599)	71,051
		4,023,247	930,842
Earnings per share (cents)			
Basic	30	2.90	0.46
Diluted	30	2.90	0.46

See accompanying notes to financial statements.

Statements of Changes In Equity

year ended March 31, 2011

	Share capital	Currency translation deficit	Accumulated (losses) profits	Attributable to equity holders of the company	Non-controlling interests	Net
	$	$	$	$	$	$
Group						
Balance at April 1, 2009	10,269,503	(332,244)	(5,083,203)	4,854,056	1,136,603	5,990,659
Total comprehensive income for the year	-	210,221	649,570	859,791	71,051	930,842
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	(233,573)	(233,573)
Issue of shares to non-controlling interests in a subsidiary	-	-	-	-	60,000	60,000
Balance at March 31, 2010	10,269,503	(122,023)	(4,433,633)	5,713,847	1,034,081	6,747,928
Total comprehensive income for the year	-	87,450	4,060,396	4,147,846	(124,599)	4,023,247
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	(350,000)	(350,000)
Balance at March 31, 2011	10,269,503	(34,573)	(373,237)	9,861,693	559,482	10,421,175

See accompanying notes to financial statements.

Statement of Changes In Equity

year ended March 31, 2011

	Share capital	Accumulated (losses) profits	Net
	$	$	$
Company			
Balance at April 1, 2009	10,269,503	(9,250,041)	1,019,462
Total comprehensive loss for the year	-	(335,466)	(335,466)
Balance at March 31, 2010	10,269,503	(9,585,507)	683,996
Total comprehensive income for the year	-	1,081,201	1,081,201
Balance at March 31, 2011	10,269,503	(8,504,306)	1,765,197

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

year ended March 31, 2011

	Note	2011	2010
		$	$
Operating activities			
Profit before tax		4,688,107	1,279,721
Adjustments for:			
Other receivable written off – advance to investee company		35,000	-
Other receivable written off – third party		-	30,935
Bad debts recovered – other receivables (third party)		(47,071)	-
Share of (profit) loss of joint ventures		(217,875)	320,763
Share of profit of associates		(176,168)	(184,742)
Depreciation of property, plant and equipment		3,688,557	3,028,683
Amortisation of other intangible asset		20,016	20,016
Impairment of available-for-sale investments		100,000	-
Impairment of goodwill from joint venture		-	204,158
Impairment loss on property, plant and equipment		1,322,238	100,172
Allowance for merchandise written down		-	70,659
Interest income		(31,365)	(57,305)
Interest expense		342,610	289,905
Loss on disposal of property, plant and equipment		46,607	270,223
Operating cash flows before movements in working capital		9,770,656	5,373,188
Trade receivables		369,607	(568,870)
Other receivables and prepayments		(142,178)	160,400
Inventories		(113,259)	(131,365)
Long-term security deposits		(123,343)	(84,182)
Trade payables		(505,071)	1,684,626
Other payables		(503,550)	2,119,771
Cash generated from operations		8,752,862	8,553,568
Interest paid		(324,529)	(271,824)
Income tax paid		(300,507)	(238,893)
Net cash from operating activities		8,127,826	8,042,851

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

year ended March 31, 2011

	Note	2011	2010
		$	$
Investing activities			
Interest received		19,209	48,373
Proceeds from disposal of property, plant and equipment		43,453	5,251
Purchase of property, plant and equipment	A	(4,366,879)	(4,581,957)
Advances to joint venture		-	(309,734)
Advances to associate		(150,000)	-
Advances to investee company		(35,000)	-
Acquisition of investment in associates		(575,000)	-
Acquisition of additional equity interest in joint venture	B	-	(300,000)
Acquisition of available-for-sale investment		-	(25,000)
Net cash used in investing activities		(5,064,217)	(5,163,067)
Financing activities			
Payment to non-controlling shareholders of subsidiaries		(350,000)	(233,573)
Receipt from non-controlling shareholders of subsidiaries		350,000	60,000
Proceeds from bank loans		1,600,000	4,782,680
Repayment of bank loans		(2,323,135)	(1,468,090)
Repayment of obligations under finance leases		(150,042)	(332,686)
Net cash (used in) from financing activities		(873,177)	2,808,331
Net increase in cash and bank balances		2,190,432	5,688,115
Cash and bank balances at the beginning of the year		16,173,890	10,438,629
Effect of foreign exchange rate changes		39,146	47,146
Cash and bank balances at the end of the year		18,403,468	16,173,890

A. During the financial year, the group acquired property, plant and equipment with an aggregate cost of $3,566,050 (2010 : $5,866,767) of which $128,260 (2010 : $Nil) was acquired under finance lease arrangements and $1,130,693 (2010 : $2,059,782) remains unpaid at the end of the reporting period. Cash payments of $4,366,879 (2010 : $4,581,957) were made to purchase property, plant and equipment.

B. In 2010, the group acquired additional equity interest in a joint venture company amounting to $300,000.

See accompanying notes to financial statements.

Notes to Financial Statements

1 GENERAL

The company (Registration Number 200005703N) is incorporated in the Republic of Singapore with its principal place of business at 298 Tiong Bahru Road, #14-01/04, Central Plaza, Singapore 168730 and its registered office at 1 Sophia Road, #05-03 Peace Centre, Singapore 228149. The financial statements are expressed in Singapore dollars.

The principal activity of the company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The financial statements of the group and the company have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. As at March 31, 2011, the company's current liabilities exceeded its current assets by $3,038,383 (2010 : $3,810,243).

The group and the company are dependent on unutilised credit facilities committed by banks, the availability of future cash flows from the group's restaurant operations and the continual financial support by one of its major shareholders, Zhou Holdings Pte Ltd.

The directors have taken steps to improve the group's and company's working capital position and cash inflow from their operating activities.

The directors are satisfied that with the group's revenue generated mainly from cash and credit card sales, availability of banks' committed lines and the financial support by Zhou Holdings Pte Ltd, the group and company will be able to meet their obligations as and when they fall due.

In the directors' opinion, it is appropriate for the financial statements of the group and company to be prepared on a going concern basis.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended March 31, 2011 were authorised for issue by the Board of Directors on June 22, 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the group and company have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to their operations and effective for the group's and company's annual reporting periods beginning on or after April 1, 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years, including the following:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 103 (2009) Business Combinations

FRS 103 (2009) has been adopted in the current year and is applied prospectively to business combinations for which the acquisition date is on or after April 1, 2010. The main impact of the adoption of FRS 103 (2009) Business Combinations on the group has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. Consequently, the goodwill recognised in respect of that acquisition includes the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;

- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Accounting Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Accounting Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;

- where the business combination in effect settles a pre-existing relationship between the group and the acquiree, to the Accounting Standard requires the recognition of a settlement gain or loss; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in the consolidated profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

FRS 27 (2009) *Consolidated and Separate Financial Statements*

FRS 27 (2009) has been adopted for the group's and company's financial periods beginning on or after April 1, 2010 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control.

In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under FRS 27 (2009), all such increases or decreases are dealt within equity reserve, with no impact on goodwill or profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

FRS 28 (2009) *Investments in Associates*

In FRS 28 (2009), the principle adopted under FRS 27 (2009) requires that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value. Therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

At the date of authorisation of these financial statements, the following FRS, INT FRSs and amendments to FRS that are relevant to the group and company were issued but not effective:

- FRS 24 (Revised) *Related Party Disclosures*
- *Improvements to Financial Reporting Standards* (issued in October 2010)

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRS, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption, except the following:

FRS 24 (Revised) *Related Party Disclosures*

FRS 24 (Revised) *Related Party Disclosures* is effective for annual periods beginning on or after April 1, 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity. In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by it (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisition of subsidiaries is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate, at the acquisition date the fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date at fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payments*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Interest income and expense are recognised on an effective interest basis for debt instruments.

Notes to Financial Statements

March 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Available-for-sale financial assets

Certain shares and debt securities held by the group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVENTORIES - Inventories comprising mainly food and beverages are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Furniture, fixtures and equipment	-	20% to $33^1/_3$%
Kitchen equipment	-	20% to $33^1/_3$%
Leasehold property	-	2% (over the lease period of 50 years)
Motor vehicles	-	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of the financial period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The group's policy for goodwill arising on the acquisition of joint venture and associate is described under "Interests in Joint Ventures" and "Associates" below.

INTANGIBLE ASSETS - Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES - An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

INTERESTS IN JOINT VENTURES - A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the group's share of the net assets of the joint ventures, less any impairment in the value of individual investments. Losses of a joint venture in excess of the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture) are not recognised, unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

<u>Sale of food and beverages</u>

Revenue from the sale of food and beverages is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the food and beverages i.e. when the food and beverages are delivered;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Service charges</u>

Revenue from service charges is recognised when the services are rendered.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Management fees

Revenue from management contracts is recognised over the management period on a straight-line basis.

Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rate (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from manner in which company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interest, as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimates (see below), that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Income tax

Significant assumptions are made in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of income tax payable and deferred tax liabilities are disclosed in the statements of financial position and in Note 22 to the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Impairment of investments in subsidiaries, joint ventures and associate

Determining whether investments in subsidiaries, joint ventures and associate are impaired requires an estimation of the value in use of these subsidiaries, joint ventures and associate. The value in use calculation requires the entity to estimate the future cash flows expected from the cash-generating unit and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverable amount of those investments based on such estimates and is confident that the allowance for impairment, where necessary, is adequate. The carrying amounts of these investments at the end of the reporting period are stated in Notes 11, 12 and 13 to the financial statements.

b) Impairment of property, plant and equipment

Determining whether property, plant and equipment is impaired requires an estimation of the value in use. The value in use calculation requires the group to estimate future cash flows expected to arise and a suitable discount rate in order to calculate the present value of the cash flows. The carrying amount of property, plant and equipment at the end of the reporting period was $12,103,222 (2010 : $13,638,536) after an impairment loss of $1,322,238 (2010 : $100,172) was recognised during the financial year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Financial assets				
Loans and receivables (including cash and bank balances)	22,268,636	19,924,023	2,930,939	167,568
Available-for-sale investments	-	125,000	-	-
Financial liabilities				
At amortised cost	24,913,271	27,591,969	5,538,822	3,782,493
Financial guarantee contracts	-	-	447,215	213,282

(b) *Financial risk management policies and objectives*

The group has documented financial risk management policies. These policies set out the group's overall business strategies and its risk management philosophy. The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. Management provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including interest rate risk and foreign exchange risk), credit risk, liquidity risk, cash flow interest rate risk and investing excess cash.

The group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

i) Foreign exchange risk management

The group operates principally in Singapore and the People's Republic of China, giving rise to exposures to market risk from changes in foreign exchange rates primarily with respect to the Renminbi. The group relies on the natural hedges between such transactions.

The group has a number of investments in foreign entities whose net assets are denominated in Renminbi.

The group does not enter into any derivative contracts to hedge its foreign exchange risk. The group's monetary assets and monetary liabilities are denominated in the respective group entities' functional currencies, except as indicated in the notes to the financial statements.

The group is not significantly exposed to foreign exchange risk and thus sensitivity analysis is not disclosed.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

ii) Interest rate risk management

The group's exposure to interest rate risks relate mainly to its bank loans of $6,008,420 (2010 : $6,731,555). The interest rates are determined at the banks' prime rate plus an applicable margin. The group currently does not use any derivative financial instruments to manage its exposure to changes in interest rates.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit for the year ended March 31, 2011 would decrease/increase by $30,042 (2010 : profit would decrease/increase by $33,658) respectively. This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings. Interest rate movements have no impact on the group's equity.

The group's sensitivity to interest rates has not changed significantly from the prior year.

The company's profit and loss and equity are not significantly affected by the changes in interest rates as its interest-bearing instruments carry fixed interest and are measured as amortised cost.

iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The group's credit risk is primarily attributable to its cash and bank balances, trade and other receivables and advances to joint venture and associate. Liquid funds are placed with banks with high credit ratings. The credit risk with respect to the trade receivables is limited as the group's revenue is generated mainly from cash and credit card sales. Where transactions are conducted other than on a cash basis, the group practises stringent credit review. Allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability.

The maximum amount the group and company could be forced to settle the corporate guarantee in Note 32, if the full guaranteed amount is claimed by the counterparty is $885,000 and $7,751,959 (2010 : $885,000 and $8,268,646) respectively. Based on the expectations at the end of the reporting period, the group and company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

iii) Credit risk management

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the group's and the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Other than the amount due from related parties, the group has no significant concentration of credit risk. Trade receivables are spread over a broad base of customers.

Further details of credit risks on trade and other receivables, advances to joint ventures, associate and subsidiaries are disclosed in Notes 7 and 8 respectively.

iv) Liquidity risk management

The group funds its operations through a mixture of internal funds and bank borrowings. The group reviews regularly its liquidity reserves comprising free cash flows from its operations and undrawn credit facilities from banks.

The group has a cash pooling system whereby excess liquidity is equalised internally through intercompany accounts. Depending on the specifics of the funding requirements, funding for its operating subsidiaries may be either sourced directly from the group's bankers or indirectly through the company.

The financial statements of the group and the company have been prepared on a going concern basis which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. As at March 31, 2011, the company's current liabilities exceeded its current assets by $3,038,383 (2010 : $3,810,243).

The group and the company are dependent on unutilised credit facilities committed by banks, the availability of future cash flows from the group's restaurant operations and the continual financial support by one of its major shareholders, Zhou Holdings Pte Ltd.

The directors have taken steps to improve the group's and company's working capital position and cash inflow from their operating activities.

The directors are satisfied that with the group's revenue generated mainly from cash and credit card sales, availability of banks' committed lines and the financial support by Zhou Holdings Pte Ltd, the group and company will be able to meet their obligations as and when they fall due.

The maximum amount the group and company could be forced to settle under the corporate guarantee in Note 32, if the full guaranteed amount is claimed by the counterparty is $885,000 and $7,751,959 (2010 : $885,000 and $8,268,646) respectively. The earliest period that the guarantee could be called is within 1 year (2010 : 1 year) from the end of the reporting period. As mentioned in Note 4b (iii), the group and company consider that it is more likely than not that no amount will be payable under the arrangement.

In the directors' opinion, it is appropriate for the financial statements of the group and company to be prepared on a going concern basis.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and the company can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2011						
On balance sheet:						
Non-interest bearing	-	17,912,562	490,240	-	-	18,402,802
Finance leases (fixed rate)	2.95	281,523	275,928	-	(55,402)	502,049
Variable interest rate instruments	5.11	2,194,747	2,995,569	1,358,742	(540,638)	6,008,420
		20,388,832	3,761,737	1,358,742	(596,040)	24,913,271
Off balance sheet:						
Financial guarantee contracts (notional amount)	-	885,000	-	-	-	885,000
2010						
On balance sheet:						
Non-interest bearing	-	19,920,444	287,879	-	-	20,208,323
Finance leases (fixed rate)	3.33	302,184	423,744	-	(73,837)	652,091
Variable interest rate instruments	4.59	2,430,060	3,956,488	955,815	(610,808)	6,731,555
		22,652,688	4,668,111	955,815	(684,645)	27,591,969
Off balance sheet:						
Financial guarantee contracts (notional amount)	-	885,000	-	-	-	885,000
Company						
2011						
On balance sheet:						
Non-interest bearing	-	5,538,822	-	-	-	5,538,822
Off balance sheet:						
Financial guarantee contracts (notional amount)	-	7,751,959	-	-	-	7,751,959

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Company						
2010						
On balance sheet:						
Non-interest bearing	-	3,782,493	-	-	-	3,782,493
Off balance sheet:						
Financial guarantee contracts (notional amount)	-	8,268,646	-	-	-	8,268,646

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial asset is necessary in order to understand the group's liquidity risk management as the group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2011						
Non-interest bearing	-	9,002,423	2,158,819	-	-	11,161,242
Fixed interest rate instruments	0.17	11,107,394	-	-	-	11,107,394
		20,109,817	2,158,819	-	-	22,268,636
2010						
Non-interest bearing	-	10,192,335	1,907,133	149,916	-	12,249,384
Fixed interest rate instruments	0.23	7,799,639	-	-	-	7,799,639
		17,991,974	1,907,133	149,916	-	20,049,023
Company						
2011						
Non-interest bearing	-	2,925,806	-	-	-	2,925,806
Fixed interest rate instruments	0.10	5,133	-	-	-	5,133
		2,930,939	-	-	-	2,930,939
2010						
Non-interest bearing	-	162,440	-	-	-	162,440
Fixed interest rate instruments	0.10	5,128	-	-	-	5,128
		167,568	-	-	-	167,568

Notes to Financial Statements

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

v) Commodity price risk

Certain commodities, principally shark's fins, dried foodstuff, meat, fish and other seafood delicacies, are generally purchased based on market prices established with the suppliers. Although many of the products purchased are subject to changes in commodity prices, certain purchasing contracts or pricing arrangements contain risk management techniques designed to minimise price volatility. Typically, the group uses these types of purchasing techniques to control costs as an alternative to directly using financial instruments to hedge commodity prices. Where commodity cost increases significantly and appears to be long-term in nature, management addresses the risk by adjusting the menu pricing or changing the product delivery strategy.

vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables, trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Notes 20 and 21, and equity attributable to owners of the company, comprising issued capital, reserves and accumulated losses.

The group reviews the capital structure on a regular basis. As part of this review, the group considers the cost of capital and the risks associated with each class of capital. Management also ensures that the group maintains gearing ratios within a set range to comply with the loan covenant imposed by the bank. The group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt. The group is in compliance with externally imposed capital requirements for the financial year ended March 31, 2011.

The group's overall strategy remains unchanged from 2010.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision.

Some of the group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable upon demand unless otherwise stated.

5 RELATED PARTY TRANSACTIONS (cont'd)

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and related parties are disclosed below.

Significant related party transactions other than those disclosed elsewhere in the notes to the financial statements, are as follows:

	Group	
	2011	2010
	$	$
With joint ventures		
Sale of food and beverages	(27,237)	(14,035)
Purchase of food and beverages	1,884,867	1,871,730
With companies where certain directors have interests		
Interest income	(12,156)	(8,931)
With corporate shareholders of certain subsidiaries		
Sale of food and beverages	(27,951)	(29,782)
Advances from corporate shareholder	350,000	-
With corporate shareholders that have common directors as the company		
Sale of food and beverages	(1,060,722)	(46,696)
Puchases of food, beverages and services	390,036	149,166
Advances from shareholder	500,000	-

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2011	2010
	$	$
Short-term benefits	1,524,165	1,587,740
Post-employment benefits	77,837	77,197
Total	1,602,002	1,664,937

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Cash at bank	7,062,028	8,127,434	166,528	159,592
Cash on hand	234,046	246,817	2	2
Short-term deposits	11,107,394	7,799,639	5,133	5,128
Total	18,403,468	16,173,890	171,663	164,722

Cash and bank balances comprise cash held by the group and short-term bank deposits with an original maturity of three months or less (2010: three months or less). The carrying amounts of these assets approximate their fair values.

The short-term deposits with banks bear interest at rates ranging from 0.10% to 0.47% (2010 : 0.10% to 1.00%) per annum and for a tenure of approximately 7 to 190 days (2010 : 7 to 188 days). The short-term deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

7 TRADE RECEIVABLES

	Group	
	2011	2010
	$	$
Related parties (Note 5)	281,831	217,414
Outside parties	880,404	1,305,499
Total	1,162,235	1,522,913
Non-current portion of amount due from related parties (Note 5)	(94,126)	(124,579)
Current portion	1,068,109	1,398,334

The average credit term on sale of goods is 30 days (2010 : 30 days). No interest is charged on the outstanding balance.

A substantial shareholder of the company has undertaken to reimburse the group for an amount of $94,126 (2010 : $124,579) if this is not recoverable from the related parties.

The non-current portion of amount due from related parties of $94,126 (2010 : $124,579) is repayable over 7 years from 2007.

The carrying amount of the non-current portion of amount due from related parties approximates its fair value.

7 TRADE RECEIVABLES (cont'd)

Analysis of trade receivables

	Group 2011	Group 2010
	$	$
Not past due and not impaired	698,170	1,143,168
Past due but not impaired (i)	464,065	379,745
Total	1,162,235	1,522,913

(i) Aging of receivables that are past due but not impaired

	2011	2010
< 3 months	347,024	255,352
3 months to 6 months	52,020	23,959
6 months to 12 months	19,504	20,056
> 12 months	45,517	80,378
Total	464,065	379,745

Before accepting any new customer, the group obtained customers' general profile to assess the potential customer's credit worthiness and defines credit limit to customer. Credit limits attributed to customers are reviewed periodically. Most of the trade receivables that are neither past due nor impaired relate to customers which the company has assessed to be creditworthy, based on the credit evaluation process performed by management.

Included in the group's trade receivables are debtors with a carrying amount of $464,065 (2010 : $379,745) which are past due at the end of the reporting period for which the group has not provided for impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Advances to:				
Subsidiaries (Note 11)	-	-	1,054,631	1,498
Associate (Note 13)	176,889	246,462	-	-
Dividend receivable from subsidiary	-	-	1,700,000	-
Other receivables	595,231	173,288	4,645	1,348
Sub total	772,120	419,750	2,759,276	2,846
Prepayments	239,582	249,585	1,200	2,449
Income tax recoverable	15,515	15,515	15,515	15,515
Total	1,027,217	684,850	2,775,991	20,810
Non-current portion of amount due from associate (Note 13)	(133,880)	-	-	-
Current portion	893,337	684,850	2,775,991	20,810

Analysis of other receivables

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Not past due and not impaired	731,186	173,288	2,759,276	2,846
Past due but not impaired (i)	40,934	246,462	-	-
Total	772,120	419,750	2,759,276	2,846
(i) Aging of receivables that are past due but not impaired				
< 3 months	5,925	-	-	-
3 months to 6 months	971	-	-	-
6 months to 12 months	277	-	-	-
> 12 months	33,761	246,462	-	-
	40,934	246,462	-	-

Receivables with a carrying amount of $40,934 (2010 : $246,462) are past due for which the group has not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The advances to subsidiaries and associate are unsecured, interest-free and repayable on demand.

9 INVENTORIES

	Group 2011	Group 2010
	$	$
Food and beverages	2,077,760	1,950,473
Cook books	24,585	38,613
Total	2,102,345	1,989,086

The cost of inventories recognised as an expense includes $Nil (2010 : $70,659) in respect of write-downs of inventory to net realisable value.

10 LONG-TERM SECURITY DEPOSITS

	Group 2011	Group 2010
	$	$
Refundable security deposits	1,930,813	1,807,470

These are mainly deposits placed with the landlords. Management is of the opinion that these deposits have been placed with counterparties who are creditworthy and accordingly, no allowance for potential non-recovery of security deposits is required.

Included in the above long-term security deposits are deposits amounting to $156,000 (2010 : $139,168) placed with a corporate shareholder that has a common director as the company during the current financial year.

The carrying amounts of the above deposits approximate their fair values.

11 SUBSIDIARIES

	Company 2011	Company 2010
	$	$
Unquoted equity shares, at cost	2,996,715	2,996,715
Impairment loss (a)	(1,200,000)	(1,200,000)
	1,796,715	1,796,715
Advances to subsidiaries (b)	8,635,850	7,660,180
Allowance for impairment on advances	(7,116,000)	(5,982,000)
	1,519,850	1,678,180
Fair value adjustment on interest-free loan to subsidiary	411,546	305,148
Fair value of financial guarantees issued on behalf of subsidiaries at free of consideration	1,000,469	654,196
Net	4,728,580	4,434,239

(a) Investments in subsidiaries which are either restaurant operators or holding interests in entities which are restaurant operators are impaired when the restaurants showed prolonged operating losses since the opening of the restaurants. Impairment loss is provided on the investment based on value in use. The value in use is based on the available data, and the estimated future cash flows discounted to its present value by using a pre-tax discount rate of 9.2% (2010 : 9.4%) per annum that reflects current market assessment of the time value of money and the risks specific to the subsidiary. The management has assessed that growth rate of its subsidiaries ranged from 5% to 15% (2010 : 2% to 15%) per annum.

(b) The advances are unsecured, interest-free and not expected to be repaid within the next 12 months as the advances were used to fund the operations of the subsidiaries.

Notes to Financial Statements

March 31, 2011

11 SUBSIDIARIES (cont'd)

Details of the company's significant subsidiaries are set out below:

Name of subsidiary	Country of incorporation/ operation	Principal activities	Proportion of ownership interest and voting power held	
			2011	2010
			%	%
i) Held by the company				
Tung Lok Millennium Pte Ltd	Singapore	Restaurateur	100	100
Tung Lok (China) Holdings Pte Ltd	Singapore	Investment holding	100	100
TLG Asia Pte Ltd	Singapore	Investment holding	100	100
Club Chinois Pte Ltd	Singapore	Restaurateur	75	75
Tung Lok Arena Pte Ltd	Singapore	Restaurateur	70	70
Olde Peking Dining Hall Pte Ltd	Singapore	Restaurateur	60	60
ii) Held by Tung Lok Millennium Pte Ltd				
Charming Garden (Asia Pacific) Pte Ltd	Singapore	Dormant	100	100
Tung Lok Central Restaurant Pte Ltd	Singapore	Restaurateur	100	100
Tung Lok India Ltd (1)	British Virgin Islands	Providing consultancy and management services	70	70
Tung Lok Signatures Pte Ltd	Singapore	Restaurateur	100	100
iii) Held by Tung Lok (China) Holdings Pte Ltd				
My Humble House in Beijing (Restaurant) Company Ltd (2)	People's Republic of China	Restaurateur	100	100
iv) Held by TLG Asia Pte Ltd				
Garuda Padang Restaurant (Singapore) Pte Ltd	Singapore	Restaurateur	65	65
Shin Yeh Restaurant Pte Ltd	Singapore	Restaurateur	55	55
v) Held by Club Chinois Pte Ltd				
Chinois Pte Ltd	Singapore	Restaurateur	100	100

Notes to Financial Statements

March 31, 2011

11 SUBSIDIARIES (cont'd)

Notes on Auditors

The subsidiaries are audited by Deloitte & Touche LLP, Singapore except as indicated below:

(1) Not audited as its operations are not significant to the group.

(2) Audited by Lixin International.

12 JOINT VENTURES

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Unquoted equity shares, at cost	2,775,978	2,775,978	1,000,000	1,000,000
Share of post-acquisition reserves	(2,263,939)	(2,521,321)	-	-
Allowance for impairment loss	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Net (Note 19)	(487,961)	(745,343)	-	-
Fair value of financial guarantees issued on behalf of joint ventures at free of consideration	-	-	75,000	60,000
Total	(487,961)	(745,343)	75,000	60,000

Classified as:

	Group 2011	Group 2010	Company 2011	Company 2010
Non-current assets	-	-	75,000	60,000
Current liabilities (Note 19)	(487,961)	(745,343)	-	-
	(487,961)	(745,343)	75,000	60,000

Impairment loss is provided on joint venture of which the estimated recoverable amount is lower than its carrying amount. An allowance of impairment loss of $1,000,000 (2010 : $1,000,000) has been provided.

Details of the significant joint ventures of the group are set out below:

Name of joint venture	Country of incorporation/ operation	Principal activities	Percentage of equity held by the group	
			2011	2010
			%	%
i) Held by Tung Lok (China) Holdings Pte Ltd				
My Humble Place in Beijing Company Ltd [1]	People's Republic of China	Restaurateur	-	70
ii) Held by Tung Lok Millennium Pte Ltd				
T & T Gourmet Cuisine Pte Ltd [2]	Singapore	Food products manufacturer	50	50

12 JOINT VENTURES (cont'd)

(1) Liquidated on August 8, 2010.

(2) Audited by Deloitte & Touche LLP, Singapore. In view of this entity's capital deficiency and the group's provision of financial support to this entity, the group has taken up its share of the liabilities in the joint venture. This is disclosed in Note 19 to the financial statements.

Summarised financial information in respect of the group's joint ventures is set out below:

	Group	
	2011	2010
	$	$
Current assets	1,090,618	1,233,172
Non-current assets	328,582	473,457
Current liabilities	(2,395,121)	(2,934,316)
Net liabilities	(975,921)	(1,227,687)
Group's share of net liabilities	(487,961)	(745,343)
Revenue	4,506,937	3,247,943
Expenses	(4,491,922)	(3,898,228)
Profit (Loss) for the year	15,015	(650,285)
Group's share of net results	217,875	(320,763)

13 ASSOCIATES

	Group	
	2011	2010
	$	$
Unquoted equity shares, at cost	2,512,780	1,532,345
Share of post-acquisition reserves	(1,621,371)	(1,422,016)
Net	891,409	110,329

Notes to Financial Statements

March 31, 2011

13 ASSOCIATES (cont'd)

Details of the significant associates of the group are set out below:

Name of associate	Country of incorporation/ operation	Principal activities	Percentage of equity held by the group	
			2011	2010
			%	%
i) Held by Tung Lok (China) Holdings Pte Ltd				
Shanghai Jinjiang Tung Lok Catering Management Inc [1]	People's Republic of China	Restaurateur	49	49
ii) Held by TLG Asia Pte Ltd				
Singapore Seafood Republic Pte Ltd ("SSRPL") [2] & [3]	Singapore	Restaurateur	25	see footnote 3
Seafood Republic Pte Ltd ("SRPL") [2], [4], [5]	Singapore	Restaurateur	17	-

(1) Audited by Lixin International for equity accounting purposes.

(2) Audited by Deloitte & Touche LLP, Singapore.

(3) In 2010, unquoted equity shares in SSRPL, which amounted to $25,000, was classified as available-for-sale investments. In 2011, the group invested an additional amount of $375,000 in SSRPL. Consequently, the group holds 25% of the equity interest in SSRPL and management reassesses SSRPL to be an associate of the group. Therefore, unquoted equity shares in SSRPL, which amounted to $25,000, was reclassified from available-for-sale investments to associates during the year.

(4) Although the group holds less than 20% of the voting power in SRPL, the group exercises significant influence over SRPL by virtue of its contractual right to appoint director to the board of SRPL.

(5) In August 2010, the group, through its wholly owned subsidiary, TLG Asia Pte Ltd, invested $200,000 in SRPL.

The audited financial statements of SSRPL and SRPL are made up to September 30, each year. For the purpose of applying the equity method of accounting, the unaudited management accounts of SSRPL and SRPL for the year ended March 31, 2011 have been used.

13 ASSOCIATES (cont'd)

Summarised financial information in respect of the group's associates is set out below:

	Group	
	2011	2010
	$	$
Current assets	2,313,035	1,546,473
Non-current assets	2,596,773	104,259
Current liabilities	(1,727,496)	(1,425,571)
Net assets	3,182,312	225,161
Group's share of net assets	891,409	110,329
Revenue	7,622,930	2,517,855
Expenses	(7,462,043)	(2,140,831)
Profit for the year	160,887	377,024
Group's share of net results	176,168	184,742

14 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Unquoted equity shares, at cost	113,050	138,050	13,050	13,050
Allowance of impairment loss	(113,050)	(13,050)	(13,050)	(13,050)
Net	-	125,000	-	-

During the financial year, the group's investment in Singapore Seafood Republic Pte Ltd of $25,000 was reclassified to investment in associate following the group's additional equity stake in this entity (Note 13).

The available-for-sale investments consist of unquoted equity investments in Singapore Culinary Institute Pte Ltd incorporated in Singapore and PT Taipan Indonesia, incorporated in Indonesia. These companies are engaged in restaurateur activities.

The unquoted equity shares are stated at cost less any impairment loss at the end of the reporting period as the fair value of the unquoted equity shares cannot be reliably measured. Impairment loss of $100,000 (2010 : $Nil) has been recognised in profit or loss during the year.

An allowance for impairment loss of $113,050 (2010 : $13,050) has been provided at the end of the reporting period.

15 OTHER INTANGIBLE ASSET

	Group
	$
Cost:	
Balance as at April 1, 2009, March 31, 2010 and March 31, 2011	100,000
Amortisation:	
Balance as at April 1, 2009	47,538
Amortisation for the year	20,016
Balance at March 31, 2010	67,554
Amortisation for the year	20,016
Balance at March 31, 2011	87,570
Carrying amount:	
At March 31, 2011	12,430
At March 31, 2010	32,446

The intangible asset which pertains to franchise fees have finite useful lives, over which the asset is amortised. The amortisation period is five years. The amortisation is included in 'other operating expenses' in profit or loss.

16 GOODWILL

	Group
	$
Cost:	
Balance as at April 1, 2009, March 31, 2010 and March 31, 2011	310,468
Impairment:	
Balance as at April 1, 2009	106,310
Impairment loss recognised	204,158
Balance as at March 31, 2010 and March 31, 2011	310,468
Carrying amount:	
At March 31, 2010 and March 31, 2011	-

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash-generating unit, relating to My Humble House in Beijing, is determined based on a value in use calculations. The calculation uses cash flow projection based on a financial budget approved by management for the next 5 years based on the estimated growth rate of 3% per annum at discount rate of 9.4% per annum. The carrying amount of goodwill at the end of the reporting period was $Nil (2010 : $Nil) after an impairment loss of $Nil (2010 : $204,158) was recognised during the financial year.

Notes to Financial Statements

March 31, 2011

17 PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment	Kitchen equipment	Leasehold property	Motor vehicles	Total
	$	$	$	$	$
Group					
Cost:					
At April 1, 2009	19,381,296	5,125,656	3,555,867	681,118	28,743,937
Additions	4,043,829	1,753,439	-	69,499	5,866,767
Disposals	(650,331)	(43,932)	-	(18,250)	(712,513)
Exchange differences	(68,604)	(25,135)	-	-	(93,739)
At March 31, 2010	22,706,190	6,810,028	3,555,867	732,367	33,804,452
Additions	1,666,511	946,832	850,000	102,707	3,566,050
Disposals	(160,080)	(108,299)	-	-	(268,379)
Exchange differences	(509)	-	-	-	(509)
At March 31, 2011	24,212,112	7,648,561	4,405,867	835,074	37,101,614
Accumulated depreciation:					
At April 1, 2009	12,770,971	3,207,313	535,366	262,030	16,775,680
Depreciation	2,131,058	682,658	71,119	143,848	3,028,683
Eliminated on disposal	(400,390)	(33,078)	-	(8,822)	(442,290)
Exchange differences	(48,845)	(21,875)	-	-	(70,720)
At March 31, 2010	14,452,794	3,835,018	606,485	397,056	19,291,353
Depreciation	2,534,378	935,885	76,786	141,508	3,688,557
Eliminated on disposal	(135,040)	(43,279)	-	-	(178,319)
At March 31, 2011	16,852,132	4,727,624	683,271	538,564	22,801,591
Impairment:					
At April 1, 2009	739,115	35,276	-	-	774,391
Impairment loss	88,972	11,200	-	-	100,172
At March 31, 2010	828,087	46,476	-	-	874,563
Impairment loss	1,023,170	270,258	-	28,810	1,322,238
At March 31, 2011	1,851,257	316,734	-	28,810	2,196,801
Carrying amount:					
At March 31, 2011	5,508,723	2,604,203	3,722,596	267,700	12,103,222
At March 31, 2010	7,425,309	2,928,534	2,949,382	335,311	13,638,536

An impairment loss amounting to $1,322,238 (2010 : $100,172) was recognised in profit or loss as certain restaurants have been making losses since inception. The recoverable amount of the relevant assets of the restaurants have been determined on the basis of their value in use. The discount rate used in measuring value in use was 9.2% (2010 : 9.4%) per annum. The management has assessed that growth rate of the relevant restaurants ranged from 5% to 15% (2010 : 2% to 15%) per annum.

17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Plant and equipment with the following carrying amounts at the end of the reporting period are under finance leases, which are secured under the finance lease arrangements:

	Group 2011	Group 2010
	$	$
Furniture, fixtures and equipment	288,538	345,952
Motor vehicles	267,703	333,844
Kitchen equipment	68,376	94,032
Total	624,617	773,828

Leasehold property with carrying amount of $3,722,596 (2010 : $2,949,382) has been pledged to secure bank loans (Note 21).

Details of the leasehold property as at March 31, 2011 are as follows:

Location	Type of premises	Land area (sq ft)	Tenure
20 Bukit Batok Crescent #11-05 to 09, 18 Enterprise Centre Singapore 658080	Office cum factory building	17,998	60 years commencing March 13, 1997

18 TRADE PAYABLES

	Group 2011	Group 2010
	$	$
Outside parties	6,972,418	7,388,710
Related parties (Note 5)	91,058	179,837
Total	7,063,476	7,568,547

The average credit period on purchase of goods is 90 days (2010 : 90 days).

19 OTHER PAYABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Advances from non-controlling shareholder of subsidiary (b)	350,000	-	-	-
Advances from corporate shareholder of the company (a)	356,491	-	-	-
Advances from subsidiaries (Note 11) (b)	-	-	5,305,609	3,551,078
Advances from corporate shareholders of subsidiaries (a)	305,960	287,879	-	-
Refundable security deposits	791,544	760,553	-	-
Deferred revenue (c)	946,392	839,621	-	-
Accrued expenses (d)	6,129,275	6,543,245	215,101	224,681
Net liabilities of a joint venture (Note 12) (e)	487,961	745,343	-	-
Related party (Note 5) (f)	88,961	-	-	-
Financial guarantee contracts (g)	-	-	447,215	213,282
Others (h)	2,829,134	4,302,756	18,112	6,734
Total	12,285,718	13,479,397	5,986,037	3,995,775
Non current portion	(490,240)	(287,879)	-	-
Current portion	11,795,478	13,191,518	5,986,037	3,995,775

(a) The advances from corporate shareholders of the company and subsidiaries are unsecured, interest-free and repayable by 2012.

(b) The advances from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

(c) Deferred revenue consist of loyalty points issued on the group's Tung Lok First Card Scheme. Under the Tung Lok First Card Scheme, card members dining at the group's restaurants are entitled to receive loyalty points depending on their level of spending, which can be used to offset subsequent spending.

(d) Accrued expenses consist of mainly payroll expenses and utility charges.

(e) The group's joint venture, T & T Gourmet Cuisine Pte Ltd, is in capital deficiency position as at March 31, 2011. The group has provided financial support to this entity. Accordingly, losses of the joint venture in excess of the group's interest amounting to $487,961 (2010 : $745,343), have been recognised by the group.

(f) The related party is a corporate shareholder that has a common director as the company during the current financial year.

(g) The company is a party to certain financial guarantee contracts as it has provided financial guarantees to banks in respect of credit facilities utilised by certain subsidiaries.

(h) Included in others at the group level, other than those highlighted above, are payables to non-trade creditors for other operating expenses and purchases of plant and equipment.

20 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	$	$	$	$
Group				
Amounts payable under finance leases:				
Within one year	281,523	302,184	262,206	271,222
In the second to fifth year inclusive	275,928	423,744	239,843	380,869
	557,451	725,928	502,049	652,091
Less: Future finance charges	(55,402)	(73,837)	N/A	N/A
Present value of lease obligations	502,049	652,091	502,049	652,091
Less: Amount due for settlement within 12 months (shown under current liabilities)			(262,206)	(271,222)
Amount due for settlement after 12 months			239,843	380,869

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 years (2010: 3 years). For the year ended March 31, 2011, the average borrowing rate was 2.60% (2010 : 3.33%) per annum. Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the group's lease obligations approximates their carrying amount.

The group's obligations under finance leases are secured by way of corporate guarantees issued by the company and plant and equipment (Note 17).

21 LONG-TERM BANK LOANS

	Group	
	2011	2010
	$	$
Long-term bank loans	6,008,420	6,731,555
The borrowings are repayable as follows:		
On demand or within one year	1,992,996	2,173,288
In the second year	1,911,845	1,662,948
In the third year	513,885	1,377,409
In the fourth year	228,544	544,404
In the fifth year	127,266	97,444
After five years	1,233,884	876,062
	6,008,420	6,731,555
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,992,996)	(2,173,288)
Amount due for settlement after 12 months	4,015,424	4,558,267

21 LONG-TERM BANK LOANS (cont'd)

The group has the following principal bank loans:

a) a loan of $3,011,965 (2010 : $4,295,578). The loan was raised in May 2009. Repayments commenced in June 2009 and will continue until May 2013. The loan carries effective interest at 5% (2010 : 5%) per annum;

b) a loan of $984,383 (2010 : $1,047,867). The loan was raised in July 2009. Repayments commenced in August 2009 and will continue until July 2024. The loan carries effective interest at 1.86% (2010 : 1.86%) per annum, which is cost of fund rate plus 1.75% per annum;

c) a loan of $593,741. The loan was raised in December 2010. Repayment commenced in January 2011 and will continue until December 2030. The loan carries effective interest rate at 1.79% per annum;

d) a loan of $432,942. The loan was raised in July 2010. Repayment commenced in September 2010 and will continue until August 2014. The loan carries effective interest rate at 5% per annum;

e) a loan of $423,435. The loan as raised in June 2010. Repayment commenced in August 2010 and will continue until July 2014. The loan carries effective interest at 5% per annum;

f) a loan of $275,334 (2010 : $303,334). The loan was raised in June 2001. Repayments commenced in June 2001 and will continue until May 2021. The loan carries effective interest at 4.45% (2010 : 4.45%) per annum, which is swap offer rate plus 1.5% (2010 : bank commercial financing rate minus 0.05%);

g) a loan of $207,898 (2010 : $548,798). The loan was raised in October 2008. Repayments commenced in November 2009 and will continue until October 2011. The loan carries effective interest at 5.65% (2010 : 5.65%) per annum, which is prime rate plus 0.65%;

h) a loan of $42,669 (2010 : $290,526). The loan was raised in November 2008. Repayments commenced in December 2008 and will continue until November 2011. The loan carries effective interest at 5.65% (2010 : 5.65%) per annum, which is prime rate plus 0.65%; and

i) a loan of $36,053 (2010 : $245,452). The loan was raised in May 2008. Repayments commenced in June 2008 and will continue until May 2011. The loan carries effective interest at 5.65% (2010 : 5.65%) per annum, which is prime rate plus 0.65%;

The bank loans are secured by way of:

a) a charge over the leasehold property of a subsidiary as disclosed in Note 17 to the financial statements; and

b) a corporate guarantee issued by the company.

Management estimates the fair value of the above loans to approximate their carrying amounts.

22 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the group and the movement thereon during the year:

	Accelerated tax depreciation
	$
Group	
At April 1, 2009	323,306
Underprovision in prior years (Note 28)	90,000
Charge to profit or loss for the year (Note 28)	275,222
At March 31, 2010	688,528
Underprovision in prior years (Note 28)	13,736
Credit to profit or loss for the year (Note 28)	(73,200)
At March 31, 2011	629,064

23 SHARE CAPITAL

	2011	2010	2011	2010
	Number of ordinary shares		$	$
Group and Company				
Issued and paid up:				
At beginning and end of year	140,000,000	140,000,000	10,269,503	10,269,503

The company has only one class of shares which are the ordinary shares. The shares have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

24 REVENUE

	Group	
	2011	2010
	$	$
Sale of food and beverages	86,588,726	74,300,118
Service charges	7,241,739	6,618,345
Management fees	472,972	424,750
Total	94,303,437	81,343,213

25 OTHER OPERATING INCOME

	Group	
	2011	2010
	$	$
Interest income from:		
Non-related companies	19,209	48,373
Related parties (Note 5)	12,157	8,931
Expired card membership points	283,742	434,827
Government grant	892,821	75,888
Job credit	85,053	1,028,643
Sundry income from promotional events	243,650	-
Others	604,731	681,973
Total	2,141,363	2,278,635

26 OTHER OPERATING EXPENSES

	Group	
	2011	2010
	$	$
Rental charges	12,109,564	10,688,187
Utilities charges	5,399,992	4,535,427
Repair and maintenance	4,553,918	3,854,058
Depreciation	3,688,557	3,028,683
Commission expense	1,785,133	1,754,016
Impairment loss on property, plant and equipment	1,322,238	100,172
Professional fees	522,302	556,609
Advertising and promotions	520,299	667,371
Utensils	463,713	420,306
Decorations	277,997	304,644
Other receivables written off-third party	-	30,935
Other receivables written off-advance to investee company	35,000	-
Amortisation of other intangible asset	20,016	20,016
Impairment of goodwill arising from investment in joint venture	-	204,158
Others	3,047,158	3,141,986
Total	33,745,887	29,306,568

27 FINANCE COSTS

	Group	
	2011	2010
	$	$
Interest on:		
Bank loans	292,721	219,502
Obligations under finance leases	31,633	52,322
Others	18,256	18,081
Total	342,610	289,905

28 INCOME TAX EXPENSE

Income tax recognised in profit or loss

	Group 2011	Group 2010
	$	$
Tax expense comprises:		
Current tax	791,870	172,333
Adjustments recognised in the current year in relation to the current tax of prior years	3,273	6,256
Deferred tax	(73,200)	275,222
Adjustments recognised in the current year in relation to the deferred tax of prior years	13,736	90,000
Withholding tax	12,127	11,532
Total tax expense	747,806	555,343

Domestic income tax is calculated at 17% (2010 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group 2011	Group 2010
	$	$
Profit before tax	4,688,107	1,279,721
Income tax expense calculated at 17% (2010 : 17%)	796,978	217,553
Tax effect of share of results of joint ventures and associates which is shown after tax	66,987	(23,124)
Adjustments recognised in the current year in relation to the current tax of prior years	3,273	6,256
Adjustments recognised in the current year in relation to the deferred tax of prior years	13,736	90,000
Effect of expenses that are not deductible in determining taxable profit	272,618	237,652
Effect of unused tax losses and other temporary differences not recognised as deferred tax assets	168,771	149,582
Effect of utilisation of previously unrecognised tax losses	(201,708)	-
Impairment loss on goodwill that is not deductible	-	34,702
Effect of different tax rate of subsidiaries operating in other jurisdictions	(14,129)	(39,880)
Tax exemption	(170,139)	(110,525)
Effect under PIC Scheme	(206,207)	-
Withholding tax	12,127	11,532
Others	5,499	(18,405)
Income tax expense recognised in profit or loss	747,806	555,343

28 INCOME TAX EXPENSE (cont'd)

As at the end of the reporting period, the group has the following unused tax losses and temporary differences which are available for offsetting against future taxable income as follows:

	Group	
	2011	2010
	$	$
a) Tax loss carryforwards		
At beginning of year	1,049,724	984,254
Adjustment to prior year	1,445,214	(509,510)
Amount utilised in current year	(1,186,518)	(160,249)
Amount in current year	755,008	735,229
At end of year	2,063,428	1,049,724
Deferred tax benefit not recorded	420,382	235,220
b) Other temporary differences		
At beginning of year	569,247	385,170
Adjustment to prior year	488,635	(120,838)
Amount utilised in current year	(88,899)	-
Amount in current year	237,762	304,915
At end of year	1,206,745	569,247
Deferred tax benefit not recorded	205,147	96,772

The above tax loss carryforwards and other temporary differences are subject to agreement with the Comptroller of Income Tax and the tax authorities in the relevant foreign tax jurisdictions in which the group operates, as well as conditions imposed by law. In addition, the Singapore tax loss carryforwards and other temporary differences are subject to the retention of majority shareholders as defined.

The above deferred tax benefits have not been recognised in the financial statements due to the unpredictability of future profit streams.

The company enjoys deduction/allowances at 400% of eligible expenses up to a limit of its expenditure per year under the enhanced Productivity and Innovation Credit ("PIC") Scheme as announced in Budget 2011.

29 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2011	2010
	$	$
Staff costs (including directors' remuneration)	25,848,951	24,286,616
Cost of defined contribution plans (included in staff costs)	1,695,751	1,627,629
Cost of inventories recognised as expense	28,384,873	25,086,463
Bad debts recovered – other receivable (third party)	(47,071)	-
Allowance for merchandise written down	-	70,659
Loss on disposal of property, plant and equipment	46,607	270,223
Audit fees:		
- Auditors of the company	220,500	206,500
- Other auditors	27,372	48,839
Directors' remuneration:		
- of the company	480,026	382,086
- of the subsidiaries	441,050	465,881
Directors' fees	162,000	150,000
Net foreign exchange loss	68,776	6,587

30 EARNINGS PER SHARE

Earnings per share is based on the group's profit for the year attributable to equity holders of $4,060,397 (2010 : $649,570) divided by 140,000,000 (2010 : 140,000,000) being the number of ordinary shares outstanding during the financial year.

There is no dilution of earnings per share as the company and the group did not issue nor have outstanding, at the end of the financial period, any financial instruments which have the effect of diluting the earnings per share.

31 SEGMENT INFORMATION

Reportable segment

Information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the restaurant business which forms the basis of identifying the operating segments of the group under FRS 108. The aggregated restaurant business is therefore the group's reportable segment.

Geographical information

The group operates in Singapore and the People's Republic of China.

31 SEGMENT INFORMATION (cont'd)

The following table provides an analysis of the group's revenue from external customers by geographical location:

	Group Sales revenue by geographical market 2011	2010
	$	$
Singapore	92,795,195	79,946,308
People's Republic of China	1,508,242	1,396,905
Total	94,303,437	81,343,213

The following is an analysis of the carrying amount of segment assets (non-current assets excluding financial instruments, investments in joint ventures, associates and "other" financial assets) analysed by the geographical location in which the assets are located:

	Group Non-current assets 2011	2010
	$	$
Singapore	12,115,652	13,670,982

Carrying amount of segment assets located in the People's Republic of China have been fully impaired and thus are not disclosed above.

Information about major customers

The revenue is spread over a broad base of customers.

32 CONTINGENT LIABILITIES

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Corporate guarantees issued for bank facilities, finance lease facilities and corporate loans granted to:				
- Subsidiaries (unsecured)	-	-	6,866,959	7,383,646
- Joint venture companies (unsecured)	885,000	885,000	885,000	885,000
Total	885,000	885,000	7,751,959	8,268,646

The management is of the opinion that the fair value of the above corporate guarantee is not material.

33 OPERATING LEASE ARRANGEMENTS

	Group	
	2011	2010
	$	$
Minimum lease payments under operating leases	12,109,564	10,688,187

Included in the minimum lease payments is an amount of $1,598,289 (2010 : $998,304) which pertains to contingent rental incurred during the year and also an amount of $2,178,689 (2010 : $Nil) paid to a related party (Note A).

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2011	2010
	$	$
Within one year		
- non-related parties	7,115,546	9,036,954
- related party (Note A)	2,969,213	-
	10,084,759	9,036,954
In the second to fifth years inclusive		
- non-related parties	4,310,488	10,992,917
- related party (Note A)	3,050,047	-
	7,360,535	10,992,917
Total	17,445,294	20,029,871

A. The related party is a corporate shareholder that has a common director as the company during the current financial year.

Operating lease payments represent rentals payable by the group for its restaurant premises and office lease. Leases are negotiated and rentals are fixed for an average of 3 years (2010 : 3 years).

According to the terms of the contracts entered into by certain operating subsidiaries at the end of the reporting period, contingent rental would be payable by the group based on a percentage of monthly turnover in excess of a specified amount. Contingent rental are not included here as it is currently not determinable.

34 EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, the board has proposed a first and final tax exempt (one tier) dividend of 0.5 Singapore cent per ordinary share amounting, to $700,000, which is subject to shareholders' approval at the Annual General Meeting and has not been included as a liability in these financial statements.

35 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. In the prior years, advances to subsidiaries (quasi-equity in nature) were presented separately from investments in subsidiaries on the company's statement of financial position. In the current year, management has presented these advances to subsidiaries as part of investments in subsidiaries. As a result, certain line items have been amended in the company's statement of financial position. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Company	
	Previously reported	**After reclassification**
	$	**$**
Advances to subsidiaries	1,678,180	-
Subsidiaries	2,756,059	4,434,239

Statistics of Shareholdings

as at 27 June 2011

Issued and Fully Paid Capital	**:**	**$10,269,503/-**
Class of Shares	**:**	**Ordinary shares**
Voting Rights	**:**	**One vote per share**

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 999	3	0.43	710	0.00
1,000 to 10,000	497	72.24	1,695,300	1.21
10,001 to 1,000,000	179	26.02	13,854,990	9.90
1,000,001 AND ABOVE	9	1.31	124,449,000	88.89
TOTAL	688	100.00	140,000,000	100.00

Shareholdings in the hands of public as at 27 June 2011

The percentage of shareholdings in the hands of the public was approximately 16.14% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual – Section B: Rules of the Catalist which states that an issuer must ensure that at least 10% of its ordinary shares is at all times held by the public.

The Company did not hold any treasury shares as at 27 June 2011.

Top 20 shareholders

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	ZHOU HOLDINGS PTE LTD	53,200,000	38.00
2	GOODVIEW PROPERTIES PTE LTD	26,968,000	19.26
3	TEE YIH JIA FOOD MANUFACTURING PTE LTD	20,999,000	14.99
4	ANTICA CAPITAL PTE LTD	14,270,000	10.19
5	LO TAK MENG	2,564,000	1.83
6	GOH CHENG LIANG	2,400,000	1.71
7	ANG TJIA LENG @ WIDJAJA LINDA ANGGRAINI	1,479,000	1.06
8	YEOW SENG (SHARK'S FIN) PTE LTD	1,350,000	0.96
9	CHIN KAI SENG	1,219,000	0.87
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	949,000	0.68
11	DBS NOMINEES PTE LTD	669,000	0.48
12	TAY KWANG THIAM	602,000	0.43
13	KIM ENG SECURITIES PTE. LTD.	600,000	0.43
14	YIO KANG LENG	600,000	0.43
15	NO SIGNBOARD SEAFOOD RESTAURANT PTE LTD	546,000	0.39
16	SIM LAI HEE	500,000	0.36
17	NG HWEE KIAT	408,000	0.29
18	CITIBANK NOMINEES SINGAPORE PTE LTD	388,000	0.28
19	SEONG PECK THONG	380,000	0.27
20	OCBC SECURITIES PRIVATE LTD	302,990	0.22
	TOTAL	130,393,990	93.13

Statistics of Shareholdings

as at 27 June 2011

Substantial Shareholders

Name of Shareholders	Direct Interest	%	Deemed Interest	%
Zhou Holdings Pte Ltd	53,200,000	38.00	-	-
Zhou Yingnan	-	-	53,200,000*	38.00
Tjioe Ka Men	226,000	0.16	54,679,000***	39.06
Tjioe Ka In	54,000	0.03	53,200,000*	38.00
Goodview Properties Pte Ltd	26,968,000	19.26	-	-
Far East Organisation Centre Pte Ltd	-	-	26,968,000#	19.26
Mdm Tan Kim Choo	-	-	27,206,000##	19.43
Estate of Ng Teng Fong, Deceased	-	-	27,206,000###	19.43
Tee Yih Jia Food Manufacturing Pte Ltd	20,999,000	14.99	-	-
Goi Seng Hui	-	-	20,999,000**	14.99
Antica Capital Pte. Ltd.	14,270,000	10.19	-	-
Andre Tanoto	-	-	14,270,000@	10.19

* Deemed to be interested in these shares held by Zhou Holdings Pte Ltd by virtue of Section 7 of the Act

** Deemed to be interested in these shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Act

*** Deemed to be interested in the 53,200,000 shares held by Zhou Holdings Pte Ltd and 1,479,000 shares held by Ang Tjia Leng @ Widjaja Linda Anggraini (spouse) by virtue of Section 7 of the Act

Deemed to be interested in these shares held by Goodview Properties Pte Ltd by virtue of Section 7 of the Act

Deemed to be interested in the 26,968,000 shares held by Goodview Properties Pte Ltd as her associate, the Estate of Ng Teng Fong, Deceased by a controlling interest in Far East Organisation Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 238,000 shares held by Kuang Ming Investments Pte. Ltd. by virtue of she having more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Act

Deemed to be interested in the 26,968,000 shares held by Goodview Properties Pte Ltd by virtue of its controlling interest in Far East Organization Centre Pte Ltd, which in turn has a controlling interest in Goodview Properties Pte Ltd; and 238,000 shares held by Kuang Ming Investments Pte. Ltd. as its associate, Mdm Tan Kim Choo has more than 20% interest in Kuang Ming Investments Pte. Ltd. by virtue of Section 7 of the Act

@ Deemed to be interested in the shares held by Antica Capital Pte. Ltd. by virtue of Section 7 of the Act

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 11th Annual General Meeting of **TUNG LOK RESTAURANTS (2000) LTD** will be held at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 on Friday, 29 July 2011 at 11.00 a.m. for the following purposes: -

ORDINARY BUSINESS

1. To receive the audited accounts for the financial year ended 31 March 2011 and the Reports of the Directors and Auditors **[Resolution 1]**

2. To declare a First and Final Tax Exempt (1-tier) Dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 March 2011. **[Resolution 2]**

3. To approve Directors' fees of $161,667/- for the financial year ended 31 March 2011. (2010: $150,000) **[Resolution 3]**

4. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-

(a)	Dr Ker Sin Tze	(Pursuant to Article 91)	**[Resolution 4(a)]**
(b)	Mr Wee Kheng Jin	(Pursuant to Article 97)	**[Resolution 4(b)]**
(c)	Mr Goi Seng Hui	(Pursuant to Article 97)	**[Resolution 4(c)]**

Dr Ker Sin Tze will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee, and Chairman of the Nominating Committee and will be considered independent.

Mr Wee Kheng Jin will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and Nominating Committee and will be considered non-independent.

5. To pass the following Ordinary Resolutions :-

(a) "That pursuant to Section 153(6) of the Companies Act, Cap 50, Mr Ch'ng Jit Koon be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." **[Resolution 5(a)]**

Mr Ch'ng Jit Koon will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Chairman of the Remuneration Committee and will be considered independent.

(b) "That pursuant to Section 153(6) of the Companies Act, Cap 50, Dr Tan Eng Liang be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." **[Resolution 5(b)]**

Dr Tan Eng Liang will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee and will be considered independent.

6. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 6]**

Notice of Annual General Meeting

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following as an Ordinary Resolution, with or without modifications: - **[Resolution 7]**

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the SGX-ST Listing Manual, authority be and is hereby given to the Directors of the Company to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion deem fit; and

(iii) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors whilst this resolution was in force.

provided THAT:

(a) the aggregate number of shares to be issued pursuant to this resolution does not exceed 100% of the total number of issued shares in the Company (excluding treasury shares), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares);

(b) for the purpose of determining the aggregate number of shares that may be issued under paragraph (a) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this resolution is passed, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this resolution is passed, and (ii) any subsequent bonus issue, consolidation or subdivision of shares; and

(c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or when it is required by law to be held, whichever is the earlier." (Please see Explanatory Note)

8. To transact any other ordinary business of an Annual General Meeting of which due notice shall have been given.

By Order of the Board

STELLA CHAN
Secretary
Singapore, 13 July 2011

Notice of Annual General Meeting

EXPLANATORY NOTE ON SPECIAL BUSINESS TO BE TRANSACTED :

Resolution 7

Resolution 7 is to authorise the Directors of the Company to issue shares in the capital of the Company up to an amount not exceeding in aggregate 100 percent (100%) of the total number of issued shares in the capital of the Company, excluding treasury shares, at the time of the passing of this resolution, of which the aggregate number of shares to be issued other than on a pro-rata basis to the shareholders of the Company does not exceed fifty percent (50%) of the total number of issued shares in the capital of the Company, excluding treasury shares.

NOTES :

1) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2) The instrument appointing a proxy must be deposited at the Company's Registered Office, 1 Sophia Road #05-03, Peace Centre, Singapore 228149, not less than 48 hours before the time fixed for holding the Meeting.

Notice of Books Closure

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 19 August 2011 for the purpose of determining shareholders' entitlement to the first and final dividend.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 pm on 18 August 2011 will be registered to determine shareholders' entitlements to the first and final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 18 August 2011 will be entitled to the first and final dividend.

Payment of the dividend, if approved by shareholders at the Annual General Meeting to be held on 29 July 2011 will be paid on 31 August 2011.

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Tung Lok Restaurants (2000) Ltd
(Incorporated in the Republic of Singapore)
Registration No.200005703N

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the timeframe specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the timeframe specified to enable them to vote on their behalf.

I/We, ____ (Name)

of ____ (Address) being a member/

members of Tung Lok Restaurants (2000) Ltd (the "Company"), hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the 11th Annual General Meeting of the Company to be held at Orchard Parade Hotel, 1 Tanglin Road, Level 2, Antica Ballroom, Singapore 247905 on Friday, 29 July 2011 at 11.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions to be proposed at the Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting).

Resolution No.		For	Against
1	Receive of Reports and Accounts		
2	Declare First and Final Dividend		
3	Approval of Directors' Fees		
4(a)	Re-election of Dr Ker Sin Tze as a Director		
4(b)	Re-election of Mr Wee Kheng Jin as a Director		
4(c)	Re-election of Mr Goi Seng Hui as a Director		
5(a)	Re-appointment of Mr Ch'ng Jit Koon as a Director		
5(b)	Re-appointment of Dr Tan Eng Liang as a Director		
6	Re-appointment of Auditors		
7	Authority to Issue Shares (General)		

Dated this ________ day of ____________ 2011

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/Common Seal

IMPORTANT: Please read notes overleaf

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2 A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Sophia Road #05-03, Peace Centre, Singapore 228149, not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

6. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Singapore Companies Act, Chapter 50.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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298 Tiong Bahru Road #14-01/04, Central Plaza, Singapore 168730
Tel: 62707998 Fax: 62727120 www.tunglok.com
Company Registraton No. 200005703N

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Designed
& Produced by
Xpress
+65 6880 2828