
APPENDIX III

LAST AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

balance sheets

december 31, 2001

	Notes	Group		Company	
		2001	2000	2001	2000
		\$	\$	\$	\$
ASSETS					
Current assets:					
Cash and bank balances		4,570,816	4,881,735	114,243	2
Trade receivables	6	1,816,322	1,525,949	-	-
Other receivables, deposits and prepayments	7	2,906,359	1,690,476	2,821,577	238,444
Inventories	8	856,529	989,325	-	-
Total current assets		10,150,026	9,087,485	2,935,820	238,446
Non-current assets:					
Subsidiaries	9	-	-	1,796,714	1,586,714
Joint venture	10	(312,403)	-	495,000	-
Goodwill	11	177,183	-	-	-
Property, plant and equipment	12	9,529,052	3,619,576	-	-
Total non-current assets		9,393,832	3,619,576	2,291,714	1,586,714
Total assets		19,543,858	12,707,061	5,227,534	1,825,160
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables	13	3,714,375	3,977,414	-	-
Other payables	14	6,156,826	3,838,279	165,858	253,444
Current portion of finance leases	15	298,025	189,183	-	-
Term loans	16	734,476	126,160	-	-
Income tax payable		119,731	424,254	7,064	-
Total current liabilities		11,023,433	8,555,290	172,922	253,444
Non-current liabilities:					
Finance leases	15	258,681	351,852	-	-
Long-term loans	16	2,341,203	354,419	-	-
Deferred income tax		114,723	190,555	-	-
Total non-current liabilities		2,714,607	896,826	-	-
Minority interests		463,553	287,554	-	-

balance sheets

December 31, 2001

	Notes	Group		Company	
		2001	2000	2001	2000
		\$	\$	\$	\$
Capital and reserves:					
Issued capital	17	2,500,000	2	2,500,000	2
Share premium	18	2,926,581	-	2,926,581	-
Unallocated and unissued capital	19	-	1,586,714	-	1,586,714
Accumulated (losses) profits		(84,316)	1,380,675	(371,969)	(15,000)
Total equity		5,342,265	2,967,391	5,054,612	1,571,716
Total liabilities and equity		19,543,858	12,707,061	5,227,534	1,825,160

See accompanying notes to financial statements.

profit and loss statements

financial year ended december 31, 2001

	Notes	Group		Company	
		January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Revenue	20	58,628,197	22,005,411	-	-
Cost of sales		(17,952,969)	(7,270,205)	-	-
Gross profit		40,675,228	14,735,206	-	-
Other operating income	21	101,902	46,500	28,833	-
Staff costs	22	(18,719,216)	(5,945,350)	-	-
Administrative expenses		(3,527,755)	(976,592)	-	-
Other operating expenses		(19,037,622)	(5,914,164)	(378,724)	(15,000)
(Loss) Profit from operations		(507,463)	1,945,600	(349,891)	(15,000)
Finance cost	23	(92,025)	(15,330)	(14)	-
(Loss) Profit before income tax and share of loss in joint venture	24	(599,488)	1,930,270	(349,905)	(15,000)
Share of loss in joint venture		(807,403)	-	-	-
		(1,406,891)	1,930,270	(349,905)	(15,000)
Income tax expense	25	27,899	(398,831)	(7,064)	-
(Loss) Profit after income tax		(1,378,992)	1,531,439	(356,969)	(15,000)
Minority interests		(85,999)	(150,764)	-	-
(Loss) Profit for the year/period		(1,464,991)	1,380,675	(356,969)	(15,000)
(Loss) Earning per share (cents)	26	(1.56)	2.18		

See accompanying notes to financial statements.

statements of changes in equity

financial year ended december 31, 2001

	Issued capital \$	Share premium \$	Unallotted and unissued capital \$	Accumulated profits (losses) \$	Total \$
Group					
Issue of shares on incorporation	2	-	-	-	2
Unallotted and unissued ordinary shares pursuant to the Restructuring Exercise					
	-	-	1,586,714	-	1,586,714
Net profit for the period	-	-	-	1,380,675	1,380,675
Balance at December 31, 2000	2	-	1,586,714	1,380,675	2,967,391
Issue of shares pursuant to the:					
- Restructuring Exercise	1,586,714	-	(1,586,714)	-	-
- Rights issue	413,284	-	-	-	413,284
- Public offering	500,000	4,100,000	-	-	4,600,000
Share issue expenses	-	(1,173,419)	-	-	(1,173,419)
Net loss for the year	-	-	-	(1,464,991)	(1,464,991)
Balance at December 31, 2001	2,500,000	2,926,581	-	(84,316)	5,342,265
Company					
Issue of shares on incorporation	2	-	-	-	2
Unallotted and unissued ordinary shares pursuant to the Restructuring Exercise					
	-	-	1,586,714	-	1,586,714
Net loss for the period	-	-	-	(15,000)	(15,000)
Balance at December 31, 2000	2	-	1,586,714	(15,000)	1,571,716
Issue of shares pursuant to the:					
- Restructuring Exercise	1,586,714	-	(1,586,714)	-	-
- Rights issue	413,284	-	-	-	413,284
- Public offering	500,000	4,100,000	-	-	4,600,000
Share issue expenses	-	(1,173,419)	-	-	(1,173,419)
Net loss for the year	-	-	-	(356,969)	(356,969)
Balance at December 31, 2001	2,500,000	2,926,581	-	(371,969)	5,054,612

See accompanying notes to financial statements.

consolidated cash flow statement

year ended december 31, 2001

	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Cash flows from operating activities:		
(Loss) Profit before income tax and share of loss in joint venture	(599,488)	1,930,270
Adjustments for:		
Depreciation expense	1,379,137	545,238
Amortisation of goodwill	35,436	-
Interest income	(34,504)	(714)
Interest expense	92,025	15,330
Loss on disposal of plant and equipment	55,128	-
Operating profit before working capital changes	927,734	2,490,124
Trade receivables	(290,373)	(914,656)
Other receivables, deposits and prepayments	(1,215,883)	(639,918)
Inventories	132,796	123,211
Trade payables	(263,039)	428,576
Other payables	2,318,547	1,228,527
Cash generated from operations	1,609,782	2,715,864
Interest paid	(92,025)	(15,330)
Interest received	34,504	714
Income tax paid	(352,456)	(17,279)
Net cash from operating activities	1,199,805	2,683,969
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	-	34,135
Purchase of property, plant and equipment	(7,021,826)	(1,213,786)
Acquisition of subsidiaries	-	2,939,397
Goodwill purchased	(212,619)	-
Capital contributed by a minority shareholder of a subsidiary	90,000	-
Investment in joint venture	(495,000)	-
Net cash (used in) from investing activities	(7,639,445)	1,759,746

consolidated cash flow statement

year ended december 31, 2001

	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Cash flows from financing activities:		
Proceeds from issuing shares	5,013,284	2
Share issue expenses	(1,173,419)	-
Proceeds from bank loans	2,595,100	480,578
Repayments of obligations under finance leases	(306,244)	(42,560)
Net cash from financing activities	6,128,721	438,020
Net (decrease) increase in cash	(310,919)	4,881,735
Cash at beginning of year/period	4,881,735	-
Cash at end of year/period	4,570,816	4,881,735

During the financial year, the company acquired property, plant and equipment with an aggregated cost of \$7,343,741, of which \$321,915 was acquired by means of finance leases and the balance of \$7,021,826 by cash.

Summary of the effect of the acquisition of subsidiaries:

	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Net assets acquired:		
Property, plant and equipment	-	2,985,163
Trade receivables	-	611,293
Other receivables and prepayments	-	1,050,558
Inventories	-	1,112,536
Cash	-	2,939,937
Trade payables	-	(3,548,838)
Other payables	-	(2,610,292)
Finance leases	-	(583,595)
Provision for taxation	-	(46,200)
Deferred tax liabilities	-	(187,058)
Minority interests	-	(136,790)
Total consideration	-	1,586,714
To be satisfied by issuance of shares	-	(1,586,714)
Net cash inflow arising on acquisition:	-	-
Cash consideration	-	-
Cash acquired	-	2,939,397
Net	-	2,939,397

See accompanying notes to financial statements.

notes to financial statements

December 31, 2001

1 GENERAL

The company is incorporated in the Republic of Singapore with its registered office at 1 Sophia Road #05-03, Peace Centre, Singapore 228149. Its principal place of business is at 298 Tiong Bahru Road, #14-02/04 Central Plaza, Singapore 168730. The financial statements are expressed in Singapore dollars.

The principal activities of the company are that of investment holding while those of the subsidiaries relate to the operations of restaurants.

On March 7, 2001, the company was converted into a public limited company and renamed as Tung Lok Restaurants (2000) Ltd. On March 21, 2001, the company was admitted to the Official List of the Singapore Exchange Dealing and Automated Quotation System ("SGX-SESDAQ").

The financial statements of the company and the consolidated financial statements of the group for the financial year ended December 31, 2001 were authorised for issue by the Board of Directors at the meeting held on April 2, 2002.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) BASIS OF ACCOUNTING - The financial statements of the group and the company are prepared in accordance with the historical cost convention and are properly drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Statements of Accounting Standard (SAS).

In the current year, the group and the company have adopted the following SAS for the first time:

SAS 8 (Revised 2000)	Net Profit and Loss for the Period, Fundamental Errors and Changes in Accounting Policies
SAS 10 (Revised 2000)	Events After the Balance Sheet Date
SAS 17 (2000)	Employee Benefits
SAS 31 (2000)	Provisions, Contingent Liabilities and Contingent Assets
SAS 32 (2000)	Financial Instruments: Disclosure and Presentation
SAS 34 (2000)	Intangible Assets
SAS 36 (2000)	Impairment of Assets

Adoption of these SAS has resulted in some changes in the detailed application of the group's and company's accounting policies and some modifications to the financial statements presentation. However, none of these amendments has materially affected the results of the group and the company for the current or prior period.

- b) BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and its subsidiaries made up to December 31.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal. All significant intercompany transactions and balances are eliminated on consolidation.

- c) FINANCIAL ASSETS - The group's principal financial assets are cash, trade and other receivables. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

notes to financial statements

december 31, 2001

- d) **FINANCIAL LIABILITIES AND EQUITY** – Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. The group's principal financial liabilities include trade and other payables, obligations under finance leases and bank loans. Trade and other payables are stated at their nominal value. Obligations under finance leases and bank loans are recorded at the proceeds received, net of transaction costs. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Equity instruments are recorded at the proceeds received, net of direct issue costs.
- e) **SUBSIDIARIES** – Investments in subsidiaries are carried in the company's accounts at cost less any impairment in the recoverable value that has been recognised in the profit and loss statement.
- f) **JOINT VENTURE** – A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity which is subject to joint control.

The joint venture is accounted for by the group using the equity method of accounting. At balance sheet date, the group's investment in the joint venture company is stated at cost plus the group's share of undistributed post-acquisition reserves. In the company's financial statement, investment in joint venture company is stated at cost less any amount provided or written off for impairment in value of investment which is other than temporary.

- g) **GOODWILL** – Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share the net assets of the acquired subsidiary at the date of acquisition. Goodwill on consolidation is amortised over its estimated useful life of 3 years.
- h) **PROPERTY, PLANT AND EQUIPMENT** – Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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

Kitchen equipment	- 5 years
Furniture, fixtures and equipment	- 3 to 5 years
Motor vehicles	- 4 to 5 years
Leasehold properties	- 50 years

No depreciation is provided on properties under construction.

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.

- i) **INVENTORIES** – Inventories comprising mainly food stuff are stated at the lower of cost (first-in, first out method) and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

notes to financial statements

december 31, 2001

- j) **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.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

- k) **REVENUE RECOGNITION** – Sales of food and beverages are recognised when food and beverages are delivered.
- l) **PROVISIONS** – A provision is recognised when the group and company have a present obligation as a result of a past event where it is probable that such obligation will result in an outflow of economic benefits that can be reasonably estimated.
- m) **RETIREMENT BENEFIT COSTS** – Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as expense when incurred.
- n) **MINORITY INTERESTS** – Minority interests are stated at the appropriate proportion of the post acquisition fair values of the net identifiable assets of the respect subsidiaries.
- o) **FOREIGN CURRENCY TRANSACTIONS** – Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statement.
- p) **INCOME TAX** – Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit except that the potential tax saving relating to a tax loss is not recognised as an asset unless there is a reasonable expectation of its realisation.

3 FINANCIAL RISK MANAGEMENT

The main financial risks faced by the group and the company are credit risk, interest rate risk, currency risk, liquidity and funding risk and commodity risk. The group and the company recognise that management of financial risks is an important aspect of its drive towards creating shareholders' value. Risk management adds value by addressing the needs for greater predictability of future cash flows, to protect the group from financial shocks and for long term residence in the business.

notes to financial statements

december 31, 2001

a) Credit risk

The group's credit risk is primarily attributable to its cash and bank balances, trade receivables and other receivables. 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.

The group has no material concentration of credit risk. Trade receivables are spread over a large base of customers.

The amount captured in the balance sheet represents the group's maximum exposure to credit risks.

b) Interest rate risk

The group's exposure to interest rate risks relate to its \$3.3 million long term loans. The interest rates are determined at the bank's 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.

The table summarises the group's assets liabilities, interest rates sensitive financial instruments, categorised by the maturity dates.

	Within 1 year \$	Within 2 to 5 years \$	Beyond 5 years \$	Non- interest bearing \$	Average interest rate during the year %	Total \$
2001						
Financial assets						
Cash and bank balances	524,639	-	-	4,046,177	0.75	4,570,816
Advances to joint venture	721,334	-	-	-	5.00	721,334
Financial liabilities						
Obligations under						
finance leases	298,025	258,681	-	-	4.00	556,706
Term loans	734,476	801,407	1,539,796	-	5.48	3,075,679

c) Currency risk

The group's business is substantially transacted in Singapore dollars. Accordingly, foreign exchange rate fluctuations has no significant impact on the group.

d) Liquidity and funding risk

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

notes to financial statements

December 31, 2001

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

At December 31, 2001, the group's total finance lease obligations and bank loans amounted to \$3.6 million (2000 : \$1.0 million). The profile of the finance lease obligations and bank loans are shown in Notes 15 and 16 to the financial statements.

e) **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 appear to be long-term in nature, the management addresses the risk by adjusting the menu pricing or change the product delivery strategy.

f) **Net fair value**

The carrying amounts of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

4 **HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS**

The company is a subsidiary of Zhou Holdings Pte Ltd, incorporated in Singapore which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, without fixed repayment terms and interest unless stated otherwise.

There were no significant intercompany transactions.

5 **RELATED PARTY TRANSACTIONS**

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. Related parties are entities with common direct or indirect shareholders and or directors.

Some of the group's and the company'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, without fixed repayment terms and interest unless stated otherwise.

notes to financial statements

December 31, 2001

Significant related party transactions during the financial year are as follows:

	Group		Company	
	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Sales of food and beverages	(84,977)	(801,526)	-	-
Management fee income	(224,000)	(50,000)	-	-
Purchases of food and beverages	6,976	557,553	-	-
Interest income	(11,910)	-	-	-

6 TRADE RECEIVABLES

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Outside parties	1,195,793	1,158,592	-	-
Related parties (Note 5)	636,429	383,257	-	-
	1,832,222	1,541,849	-	-
Less: Allowances for doubtful receivables	(15,900)	(15,900)	-	-
Net	1,816,322	1,525,949	-	-

Movements in the above allowance account during the financial year are as follows:

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Balance at beginning of year/period	15,900	-	-	-
Charge to profit and loss	-	15,900	-	-
Balance at end of year/period	15,900	15,900	-	-

The balances due from related parties are unsecured and non-interest bearing. A controlling shareholder has undertaken to reimburse the group for any amount which is not recoverable from the related parties.

7 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Refundable security deposits	1,505,281	1,078,407	25,045	-
Advances to subsidiary (Note 9)	-	-	2,062,714	-
Advances to joint venture (Note 10)	721,334	-	721,334	-
Related parties (Note 5)	-	344,573	-	-
Prepayments	611,113	256,344	11,767	238,444
Other receivables	92,440	34,961	687	-
	2,930,168	1,714,285	2,821,577	238,444
Less: Allowances for doubtful receivables	(23,809)	(23,809)	-	-
Net	2,906,359	1,690,476	2,821,577	238,444

notes to financial statements

December 31, 2001

Movements in the above allowance account during the financial year are as follows:

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Balance at beginning of year/period	23,809	-	-	-
Arising from acquisition of business	-	23,809	-	-
Balance at end of year/period	23,809	23,809	-	-

In 2000, the balances due from related parties were unsecured and non interest-bearing. A controlling shareholder had undertaken to reimburse the group for any amount which was not recoverable from the related parties.

The balance due from joint venture company is unsecured and bears interest at 5.0% per annum.

8 INVENTORIES

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Food and beverages, at cost	856,529	989,325	-	-

9 SUBSIDIARIES

Name of company	Place of incorporation/ operation	Principal activities	Company			
			Cost		Effective equity interest held by the Group	
			2001 \$	2000 \$	2001 %	2000 %
Unquoted equity shares, at cost			1,796,714	1,586,714		
Tung Lok Millennium Pte Ltd	Singapore	Restauranteur	1,368,222	1,368,222	100	100
Tung Lok Arena Pte Ltd (1)	Singapore	Restauranteur	210,000	-	70	-
Lao Beijing Dining Hall Pte Ltd	Singapore	Restauranteur	191,100	191,100	60	65
Club Chinois Pte Ltd	Singapore	Restauranteur	27,392	27,392	75	75
Total			1,796,714	1,586,714		

(1) Incorporated in Singapore on July 12, 2001.

These subsidiaries are audited by Deloitte & Touche, Singapore.

notes to financial statements

December 31, 2001

10 JOINT VENTURE

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Unquoted equity shares, at cost	495,000	-	495,000	-
Share of loss	(807,403)	-	-	-
Net	(312,403)	-	495,000	-

The joint venture company is:

Name of company	Place of incorporation/operation	Principal activities	Percentage of equity held	
			2001 %	2000 %
Club Asiana Pte Ltd*	Singapore	Restauranteur	55	-

* The joint venture company is audited by Deloitte & Touche, Singapore.

Under the joint venture agreement, the joint venture parties agree to provide their proportional share of the funding requirement to the joint venture company.

Although the group has an effective equity interest of more than 50%, the investment in the joint venture company has been structured in such a manner that the group and the joint venture partner have joint control over the operations of the entity.

The group's proportionate share of the assets, liabilities and operating results of the joint venture company are as follows:

	\$
Assets and Liabilities	
Total assets	1,310,717
Less: Total liabilities	(1,623,120)
Net investment	(312,403)
Net results	
Sales	635,681
Cost of operations	(1,443,084)
Loss before tax	(807,403)

11 GOODWILL

	Group	
	2001 \$	2000 \$
Cost:		
Arising on acquisition of business and balance at end of year	212,619	-
Accumulated amortisation:		
Amortisation during the year and balance at end of year	35,436	-
Net book value:		
Balance at end of year	177,183	-

notes to financial statements

december 31, 2001

12 PROPERTY, PLANT AND EQUIPMENT

Group	Kitchen Equipment \$	Furniture, fixtures and equipment \$	Motor vehicles \$	Leasehold properties \$	Properties under construction \$	Total \$
Cost:						
At beginning of year	2,397,342	7,503,861	588,397	-	1,105,187	11,594,787
Additions	1,496,177	3,820,067	-	-	2,027,497	7,343,741
Reclassifications	-	-	-	3,132,684	(3,132,684)	-
Disposals	(297,114)	(1,169,636)	-	-	-	(1,466,750)
At end of year	3,596,405	10,154,292	588,397	3,132,684	-	17,471,778
Accumulated depreciation:						
At beginning of year	1,994,258	5,826,727	154,226	-	-	7,975,211
Depreciation for the year	324,209	928,263	105,780	20,885	-	1,379,137
Disposals	(291,517)	(1,120,105)	-	-	-	(1,411,622)
At end of year	2,026,950	5,634,885	260,006	20,885	-	7,942,726
Depreciation for prior period	110,018	383,448	51,772	-	-	545,238
Net book value:						
At end of year	1,569,455	4,519,407	328,391	3,111,799	-	9,529,052
At beginning of year	403,084	1,677,134	434,171	-	1,105,187	3,619,576

Plant and equipment with a total net book value of approximately \$795,982 (2000 : \$666,324) are acquired under finance leases. Leasehold properties with total net book value of \$3,111,799 (2000 : \$1,105,187) have been pledged to secure bank loans (Note 16).

Details of the leasehold properties as at December 31, 2001 are as follows:

Location	Type of premises	Land area (sq ft)	Tenure
20 Bukit Batok Crescent, #11-05 to 09 Enterprise Centre, Singapore	Office cum factory building	14,424	60 years commencing March 13, 1997

13 TRADE PAYABLES

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Outside parties	3,663,445	3,930,811	-	-
Related parties (Note 5)	50,930	46,603	-	-
Total	3,714,375	3,977,414	-	-

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14 OTHER PAYABLES

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Subsidiary (Notes 9)	-	-	-	170,444
Accrued expenses	4,425,166	2,307,012	165,858	83,000
Refundable security deposits	249,698	308,201	-	-
Others	1,481,962	1,223,066	-	-
Total	6,156,826	3,838,279	165,858	253,444

15 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2001 \$	2000 \$	2001 \$	2000 \$
Amounts payable under finance leases:				
Within 1 year	330,162	212,286	298,025	197,624
Within the 2 to 5 year	306,277	399,514	258,681	343,411
	636,439	611,800	556,706	541,035
Less: Future finance charges	(79,733)	(70,765)	-	-
Present value of lease obligations	556,706	541,035	556,706	541,035
Less: Amount due within 12 months (shown under current liabilities)	(298,025)	(189,183)	(298,025)	(189,183)
Amount due after 12 months	258,681	351,852	258,681	351,852

The average lease term is 3 years (2000 : 4 years). The average effective borrowing rate is 4.00% (2000 : 4.25%). Interest rates are fixed at the contract date. All leases are on fixed repayment basis and no arrangements have been entered for contingent rental payment. All lease obligations are denominated in Singapore dollars.

16 BANK LOANS

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Bank loans	3,075,679	480,579	-	-
Current portion	(734,476)	(126,160)	-	-
Non-current portion	2,341,203	354,419	-	-

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The bank loans of the subsidiaries are repayable in 240 monthly instalments commencing November 2000. Interest is charged on the loans at rates ranging from 5.25% to 5.70% (2000 : 5.25%) per annum.

The bank loans are secured by way of:

- a) a charge over the leasehold properties of the subsidiary as disclosed in Note 12; and
- b) corporate guarantee for \$3,342,333 issued by the company.

17 ISSUED CAPITAL

	Group and Company	
	2001	2000
	\$	\$
Authorised:		
400,000,000 (2000 : 10,000,000) ordinary shares of \$0.025 (2000 : \$1) each	10,000,000	10,000,000
Issued and fully paid:		
100,000 000 (2000 : 2) ordinary shares of \$0.025 (2000 : \$1) each	2,500,000	2

During the financial year, the company:

- a) issued 1,586,714 ordinary shares of \$1 each at par as consideration for the purchase of the operations, business undertaking relevant operating assets and liabilities pursuant to the Restructuring Exercise.
- b) issued 413,284 ordinary shares of \$1 each at par for cash pursuant to a rights issue in the ratio of 6 shares for every 23 ordinary shares held.
- c) subdivided each of the ordinary shares of \$1 each in the authorised and issued and paid up share capital of the company into 40 ordinary shares of \$0.025 each.
- d) issued 20,000,000 ordinary shares of \$0.025 each for cash at a premium of \$0.205 per share by way of a public offer.

18 SHARE PREMIUM

	Group and Company	
	2001	2000
	\$	\$
Premium arising from public offering	4,100,000	-
Share issue expenses	(1,173,419)	-
Net	2,926,581	-

Included in the share issue expenses written off during the year is a professional fee of \$233,000 paid to the auditors of the company.

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19 UNALLOTTED AND UNISSUED CAPITAL

The unallotted and unissued capital in year 2000 represented the consideration payable by the company in the form of shares in the company in respect of the purchase of the operations, business undertakings and assets pursuant to the Restructuring Exercise. The shares were issued during the year.

20 REVENUE

	Group		Company	
	January 1, 2001 to December 31, 2001	June 29, 2000 to December 31, 2000	January 1, 2001 to December 31, 2001	June 29, 2000 to December 31, 2000
	\$	\$	\$	\$
Food and beverages	53,546,967	20,217,229	-	-
Service charges	4,857,230	1,738,182	-	-
Management fee	224,000	50,000	-	-
Total	58,628,197	22,005,411	-	-

21 OTHER OPERATING INCOME

	Group		Company	
	January 1, 2001 to December 31, 2001	June 29, 2000 to December 31, 2000	January 1, 2001 to December 31, 2001	June 29, 2000 to December 31, 2000
	\$	\$	\$	\$
Interest income from non-related companies	22,594	714	16,923	-
Interest income from joint venture (Note 10)	11,910	-	11,910	-
Others	67,398	45,786	-	-
Total	101,902	46,500	28,833	-

22 STAFF COSTS

Included in the staff costs of \$18,719,216 (2000 : \$5,945,350) is the following:

	Group		Company	
	January 1, 2001 to December 31, 2001	June 29, 2000 to December 31, 2000	January 1, 2001 to December 31, 2001	June 29, 2000 to December 31, 2000
	\$	\$	\$	\$
Cost of defined contribution plan	1,577,580	349,697	-	-
Number of employees at end of year/period	745	579		

The management and staff handling the affairs of the company are employed by a subsidiary company.

The employees of the group are members of a retirement defined contribution scheme operated by the local government. The group is required to contribute a specified percentage of their payroll costs to the retirement scheme to fund the benefits. The only obligation of the group with respect to the scheme is to make the specified contributions.

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23 FINANCE COST

	Group		Company	
	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Interest expense to non-related companies:				
Bank loans	66,172	5,034	14	-
Finance leases	25,853	10,296	-	-
Total	92,025	15,330	14	-

24 (LOSS) PROFIT BEFORE INCOME TAX AND SHARE OF LOSS IN JOINT VENTURE

In addition to the charges and credits disclosed elsewhere in the notes, this item includes the following charges (credits):

	Note	Group		Company	
		January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Depreciation expense		1,379,137	545,238	-	-
Directors' remuneration:					
Directors of the company		-	-	-	-
Directors of the subsidiaries		466,719	194,607	-	-
Directors' fee		24,000	-	24,000	-
Auditors' remuneration:					
Auditors of the company		110,000	100,000	15,000	15,000
Non-audit services fees:					
Auditors of the company		8,000	-	8,000	-
Amortisation of goodwill		35,436	-	-	-
Allowances for doubtful trade receivables	6	-	15,900	-	-
Loss on disposal of plant and equipment		55,128	-	-	-
Incorporation expenses		4,600	-	-	-
Bad debts written off		415	-	-	-

The number of directors of the company in remuneration bands for the year ended December 31, 2001 were as follows:

	Number of directors	
	2001	2000
\$500,000 and above	-	-
\$250,000 to \$499,999	1	-
Below \$250,000	4	6
Total	5	6

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25 INCOME TAX EXPENSE

This comprises:

	Group		Company	
	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Current tax	47,934	395,331	7,064	-
Deferred tax	23,167	3,500	-	-
Total	71,101	398,831	7,064	-
Deferred tax due to losses	(92,000)	-	-	-
Change in tax rate on deferred tax	(7,000)	-	-	-
Net	(27,899)	398,831	7,064	-

The income tax expense varied from the amount of income tax expense determined by applying the Singapore tax rate of 24.5% (2000 : 25.5%) to the profit before tax as a result of the following differences:

	Group		Company	
	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$	January 1, 2001 to December 31, 2001 \$	June 29, 2000 to December 31, 2000 \$
Income tax expense at statutory rate	(344,688)	492,219	-	-
Non-allowable items	70,845	58,910	7,064	-
Unrecorded deferred tax benefit	386,801	54,063	-	-
Prior year's unutilised tax losses	(122,763)	(224,536)	-	-
Tax rebate	(12,863)	-	-	-
Others	(5,231)	18,175	-	-
Net at the end of the financial year	(27,899)	398,831	7,064	-

26 (LOSS) EARNING PER SHARE

(Loss) Earnings per share is based on the group's loss after taxation for the financial year of \$1,464,991 (2000 : profit of \$1,380,675) divided by 93,622,387 (2000 : 63,468,640) being the average number of shares outstanding during the financial year. In respect of year 2000, the average number of shares outstanding included the unallotted and unissued capital as if they had been allotted and issued.

27 SEGMENTAL INFORMATION

The group currently operates in Singapore and in one main line of business, being that of restaurant business. Therefore the requirement on the disclosure of information relating to the industrial and geographical segments of the operations is not applicable.

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28 CONTINGENT LIABILITIES

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Guarantees for credit facilities of				
subsidiary companies (unsecured)	-	-	3,342,333	-
joint venture company (unsecured)	500,000	-	500,000	-
Total	500,000	-	3,842,333	-

29 CAPITAL EXPENDITURE COMMITMENTS

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	186,333	2,324,131	-	-
Authorised but not yet contracted for	-	390,800	-	-

30 OPERATING LEASE COMMITMENTS

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Minimum lease payments paid under operating leases	2,513,166	6,972,201	-	-

At the balance sheet date, commitments in respect of operating leases with a term of more than one year were as follows:

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Within 1 year	6,527,478	5,699,639	-	-
Within 2 to 5 years	9,223,448	12,213,192	-	-
After 5 years	-	76,800	-	-

31 COMPARATIVE FIGURES

The financial statements for 2001 cover the twelve months ended December 31, 2001.

The financial statements for 2000 covered the financial period since the date of incorporation on June 29, 2000 to December 31, 2000.

32 SUBSEQUENT EVENT

On January 17, 2002, the company entered into a 50 : 50 Joint Venture Agreement with Nova Leisure Pte Ltd to manage and operate a restaurant cum entertainment establishment at Ngee Ann City. The joint venture company, Imperium Fine Dining and Entertainment Pte Ltd has an issued and paid up capital of \$2,000,000. The group's investment in the joint venture is \$1,000,000.