

# TUNG LOK RESTAURANTS (2000) LTD

## Financial Statement And Dividend Announcement for year ended 31/03/2009

### PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULT

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		
	FY 2009	FY 2008	Increase/ (Decrease)
	Apr 08-Mar 09 \$'000	Apr 07-Mar 08 \$'000	%
Revenue	73,428	75,902	(3)
Cost of sales	<u>(22,071)</u>	<u>(22,662)</u>	(3)
<b>Gross profit</b>	51,357	53,240	(4)
Other operating income	1,187	1,198	(1)
Administrative expenses	(24,111)	(24,784)	(3)
Other operating expenses	(28,264)	(26,379)	7
Share of loss in joint ventures	(1,551)	(963)	61
Share of loss in associate	(930)	(518)	80
Finance costs	<u>(235)</u>	<u>(186)</u>	26
<b>Profit/(Loss) before tax</b>	(2,547)	1,608	N.M
Income tax expense	<u>(273)</u>	<u>(925)</u>	(70)
<b>Profit/(Loss) for the period</b>	<u><u>(2,820)</u></u>	<u><u>683</u></u>	N.M
<b>Attributable to:</b>			
Equity holders of the company	(2,930)	367	N.M
Minority interests	<u>110</u>	<u>316</u>	(65)
	<u><u>(2,820)</u></u>	<u><u>683</u></u>	N.M

N.M : Not meaningful = anything with variance of 100% or more

Additional information for Income Statement above:

	Group		
	FY 2009	FY 2008	Note
	Apr 08-Mar 09 \$'000	Apr 07-Mar 08 \$'000	
Other income including interest income	1,187	1,198	1
Interest on borrowings	(235)	(186)	2
Depreciation	(2,778)	(2,317)	3

Amortisation of other intangible asset	(20)	(20)
Impairment of Goodwill in China operation	(206)	-
Loss on disposal of property, plant and equipment	(5)	(41)
Impairment of property, plant and equipment	(212)	-
Bad debts written off	(30)	(525)

Note:

1. Other income in FY09 comprised mainly due to Jobs Credit amounting to S\$315k and rebranding government grant of S\$70k which offset the reduction of sales of loyalty cards.
2. Increase in interest on borrowings was due to additional drawdown of bank loan for working capital and hire purchase entered for equipment at new outlets.
3. Increase in depreciation was due to capital expenditure of 2 new restaurants opened in FY 09

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group			Company		
	31 Mar 09	31 Mar 08	Note	31 Mar 09	31 Mar 08	Note
	\$'000	\$'000		\$'000	\$'000	
<b><u>ASSETS</u></b>						
<b>Current assets:</b>						
Cash and bank balances	10,439	12,461	1	59	102	
Trade receivables	824	1,034		-	-	
Other receivables and prepayments	618	1,662	2	34	787	3
Inventories	1,928	2,005		-	-	
Total current assets	13,809	17,162		93	889	
<b>Non-current assets:</b>						
Long-term security deposits	1,723	1,494	4	-	-	
Trade receivables - non-current	153	181		-	-	
Advances to a subsidiaries	-	-		2,809	2,430	5
Advances to joint venture	-	217	6	-	-	
Advances to associate	-	356	7	-	-	
Subsidiaries	-	-		2,507	2,085	
Joint ventures	-	203	8	-	-	
Available-for-sale Investment	100	-	9	-	-	
Goodwill	204	204		-	-	
Other intangible asset	52	72		-	-	
Property, plant and equipment	11,194	10,547	10	-	-	
Total non-current assets	13,426	13,274		5,316	4,515	
<b>Total assets</b>	<b>27,235</b>	<b>30,436</b>		<b>5,409</b>	<b>5,404</b>	

## **LIABILITIES AND EQUITY**

### **Current liabilities:**

Trade payables	5,884	6,015	-	-	-	
Other payables	9,402	10,209	11	4,389	3,466	12
Current portion of finance leases	332	352		-	-	
Bank loans	2,029	896	13	-	-	
Income tax payable	196	1,126	14	-	-	
Total current liabilities	<u>17,843</u>	<u>18,598</u>		<u>4,389</u>	<u>3,466</u>	

### **Non-current liabilities:**

Other payables-non current	270	-	15	-	-	
Finance leases	653	298	16	-	-	
Long-term loans	1,388	1,577	17	-	-	
Deferred tax liabilities	506	346	18	-	-	
Total non-current liabilities	<u>2,817</u>	<u>2,221</u>		<u>-</u>	<u>-</u>	

### **Capital and reserves:**

Share capital	10,270	10,270		10,270	10,270	
Currency translation deficit	(332)	(60)		-	-	
Capital Reserve	54	-		-	-	
Retained losses	<u>(4,499)</u>	<u>(1,569)</u>		<u>(9,250)</u>	<u>(8,332)</u>	
Equity attributable to equity holders of the company	5,493	8,641		1,020	1,938	
Minority interests	<u>1,082</u>	<u>976</u>		<u>-</u>	<u>-</u>	
Total equity	<u>6,575</u>	<u>9,617</u>		<u>1,020</u>	<u>1,938</u>	
<b>Total liabilities and equity</b>	<u>27,235</u>	<u>30,436</u>		<u>5,409</u>	<u>5,404</u>	

### **NOTE: EXPLANATION OF FINANCIAL YEAR 2009 VS FINANCIAL YEAR 2008**

1. Reduction in Cash and Bank Balance was mainly due to lower revenue as compared to FY2008.
2. Reduction in Other Receivables of S\$1,044k was mainly due to the reclassification of new rental deposit to non-current asset after the opening of new outlets and forfeiture of rental deposits of new outlets as a resulting from change of business plan.
3. Reduction was due to reclassification of amount owing by a subsidiary of S\$750k to non current asset, as it is not expected to be paid within 1 year.
4. Increase in Long-Term Security Deposit was due to increase in utility deposit and reclassification of rental deposits.(see Note 2)
5. Increase was mainly due to increase in amount owing by subsidiaries and amt owing by a subsidiary of S\$750k as per note 3.
6. Advances to Joint Venture was impaired due to non-performing China outlet.
7. Advances to Associates were impaired due to non-performing China outlets.
8. Negative investment due to losses in Joint Venture was reclassified to current liabilities.
9. Investment in Singapore Culinary Institute Pte Ltd, a company of Restaurant Association of Singapore.

10. Increase in Property, Plant and Equipment due to opening of the 2 new outlets.
11. Decrease in Other Payables by \$807k was mainly due to reduction in event deposits and reversal of bonus.
12. Increase was due to amt owing to subsidiaries.
13. Increase was due to reclassification of loan of S\$ 1.1m from non-current to current liabilities.
14. Reduction in Income Tax Payable was due to reduced in tax liabilities resulting from lower taxable income for FY 2009.
15. Loan from joint venture partner.
16. Increase in Finance Lease was due to opening of new outlets.
17. Decrease was mainly due to reclassification of loan of S\$1.1m from non-current to current liabilities.(as mentioned in note 12)
18. Increase due to capital expenditure for new outlets and accelerated capital allowance claimed as in Group's subsidiaries.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31/03/2009		As at 31/03/2008	
Secured	Unsecured	Secured	Unsecured
\$2,219,000	\$142,000	\$811,000	\$437,000

**Amount repayable after one year**

As at 31/03/2009		As at 31/03/2008	
Secured	Unsecured	Secured	Unsecured
\$2,041,000	\$0	\$1,732,000	\$143,000

Details of any collateral

1. Mortgage of No 20, Bukit Batok Crescent #11-05,06,07,08,09 Enterprise Centre, Singapore 658080
2. Kitchen equipment, Furniture & Motor Vehicles under finance lease.

**1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Apr 08-Mar 09 \$'000	Apr 07-Mar 08 \$'000
<b>Operating activities:</b>		
(Loss) Profit before tax	(2,547)	1,608
Adjustments for:		
Share of loss in joint ventures	1,551	963
Share of loss in associate	930	518
Depreciation of property, plant and equipment	2,778	2,317
Impairment loss on property, plant and equipment	212	-
Advances to a joint venture written off	-	99
Receivables written off	30	426
Impairment of goodwill	206	-
Amortisation of other intangible asset	20	20
Loss on disposal of property, plant and equipment	5	41
Interest expense	235	186
Interest income	(33)	(124)
Operating cash flows before movements in working capital	3,387	6,054
Trade receivables	250	320
Other receivables and prepayments	(115)	(1,118)
Inventories	77	(111)
Long-term security deposits	(229)	(20)
Advances to joint venture	(211)	(16)
Advances to an associate	-	(356)
Trade payables	(131)	(282)

Other payables	(995)	1,759
<b>Cash generated from operations</b>	<b>2,033</b>	<b>6,230</b>
Interest paid	(226)	(186)
Income tax paid	(1,043)	(847)
Net cash from operating activities	<u>764</u>	<u>5,197</u>
<b>Investing activities</b>		
Interest received	24	95
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(2,912)	(3,930)
Purchase of available-for-sale investment	(100)	-
Acquisition of additional equity interest in an associate	(543)	-
Net cash used in investing activities	<u>(3,531)</u>	<u>(3,834)</u>
<b>Financing activities</b>		
Proceed from shareholder's loan	315	-
Payment to minority shareholders of subsidiaries-net	(4)	(65)
Dividends paid	-	(323)
Proceeds from bank loans - net	944	108
Repayment of obligations under finance leases	(406)	(391)
Net cash used in financing activities	<u>849</u>	<u>(671)</u>
Net increase in cash and cash equivalents	(1,918)	692
Cash and cash equivalents at beginning of year	12,461	11,754
Effect of foreign exchange rate changes	(104)	15
Cash and cash equivalents at the end of the year	<u>10,439</u>	<u>12,461</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP						Total
	Share capital	Currency translation reserve	Retained losses	Capital Reserve	Attributable to equity holders of the company	Minority interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at April 1, 2007	10,270	(84)	(1,613)	-	8,573	590	9,163
Issue of shares to minority shareholders of a subsidiary	-	-	-	-	-	200	200
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	(130)	(130)
Exchange differences arising on translation of foreign operations, representing net income recognised	-	24	-	-	24	-	24
Dividends paid	-	-	(323)	-	(323)	-	(323)
Profit for the year	-	-	367	-	367	316	683
Balance at March 31, 2008	10,270	(60)	(1,569)	-	8,641	976	9,617
Issue of shares to minority shareholders of a subsidiary	-	-	-	-	-	360	360
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	(364)	(364)
Exchange differences arising on translation of foreign operations, representing net income recognised	-	(272)	-	-	(272)	-	(272)
Capital Reserve	-	-	-	54	54	-	54
Loss for the year	-	-	(2,930)	-	(2,930)	110	(2,820)
Balance at March 31, 2009	10,270	(332)	(4,499)	54	5,493	1,082	6,575

	COMPANY						
	Share capital	Currency translation reserve	Retained losses	Capital Reserve	Attributable to equity holders of the company	Minority interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at April 1, 2007	10,270	-	(6,362)	-	3,908	-	3,908
Dividends paid	-	-	(323)	-	(323)	-	(323)
Loss for the year	-	-	(1,647)	-	(1,647)	-	(1,647)
Balance at March 31, 2008	10,270	-	(8,332)	-	1,938	-	1,938
Loss for the year	-	-	(918)	-	(918)	-	(918)
Balance at March 31, 2009	10,270	-	(9,250)	-	1,020	-	1,020

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury share, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

N.A.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 March 2009	31 March 2008
The total number of issued shares excluding treasury shares	<u>140,000,000</u>	<u>140,000,000</u>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period on.**

N.A.

**2. Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.



3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

N.A.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There were no changes in the accounting policies and methods of computation.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -**

	FY 2009 Apr 08 - Mar 09	FY 2008 Apr 07 - Mar 08
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares on issue	(2.09) cents	0.26 cents
(b) On a fully diluted basis	NA	NA

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on;**  
**(b) immediately preceding financial year.**

	<b>Group</b>	
	<b>31 Mar 09</b>	<b>31 Mar 08</b>
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	3.92 cents	6.17 cents
	<b>Company</b>	
	<b>31 Mar 09</b>	<b>31 Mar 08</b>
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	0.73 cents	1.38 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Revenue** for the financial year ended 31 March 2009 ("FY09") decreased by S\$2.5m (3%) to S\$73.4m, as compared to the financial year ended 31 March 2008. ("FY08"). The decline was due to the economic slowdown which affected consumer spending and dining habits. Hence, **Gross profit** decreased by S\$1.9m (4%) to S\$51.4m in FY09 from S\$53.2m in FY08.

**Other operating income** for FY09 was S\$1.2m, a slight decrease compared to FY08 as receipts from Singapore government jobs credit, and grants for our re-branding exercise helped to offset the reduction of sales of loyalty cards.

**Administrative expenses** reduced by S\$0.7m to S\$24.1m in FY09 compared to S\$24.8m in FY08 due mainly to reversal of bonus, closure of outlets, and better manpower management, although these were offset partially by staffing for new outlets.

**Other operating expenses** increased by S\$1.9m to S\$28.3m in FY09 compared to S\$26.4m in FY08 due mainly to higher utility charges, start-up costs for 2 new outlets and an impairment of S\$0.2m relating to its local operations.

**Share of loss of joint-ventures** increased by S\$0.6m to S\$1.6m in FY09, compared to S\$1.0m in FY08 caused by closure of one of its loss-making outlets in China, and inventory write-off of its manufacturing operations.

**Share of loss of associates** increased by S\$0.4m to S\$0.9m compared to FY08 resulting from the impairment of the property, plant and equipment at outlets in China.

Thus, the Group recorded a **Loss for the year** of S\$2.8m in FY09 compared to a profit of S\$0.7m in FY08.

The negative working capital position of the Group increased to S\$4.0m as at 31 March 2009 compared to S\$1.4m as at 31 March 2008 due to the combination of lower revenue, opening of new outlets and reclassification of a mortgage loan to short-term loan in accordance with accounting standard.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

N.A.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

With the global economic and financial crisis resulting in reduced consumers' sentiment and spending pattern, the Group expects the Food & Beverage operating environment in the markets where it operates to be more challenging in the next reporting period and the next 12 months.

In order to remain competitive, the Group will continue its efforts to manage operating costs while maintaining service and food quality. In addition, the Group will intensify its marketing efforts by offering attractive value-for-money packages both in restaurant and banquet sales.

- 11. If a decision regarding dividend has been made:-  
(a) Whether an interim (final) ordinary dividend has been declared (recommended):**

N.A

- (b)(i) Amount per share:**

NIL.

- (ii) Previous corresponding period:**

NIL.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

N.A.

- (d) The date the dividend is payable.**

N.A.

- (e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

N.A.

- 12. If no dividend have been declared/recommended, a statement to that effect.**

No dividend has been declared / recommended.

**PART 1I – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR  
ANNOUNCEMENT**

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

<b>GROUP</b>		<b>Sale revenue by geographical market</b>			
	<b>31 Mar 09</b>	<b>31 Mar 08</b>			
	\$'000	\$'000			
<b>Singapore</b>	70,611	73,352			
<b>China</b>	2,817	2,550			
	<u>73,428</u>	<u>75,902</u>			
		<b>Carrying amount of segment assets</b>	<b>Additions to property, plant and equipment and intangible assets</b>		
	<b>31 Mar 09</b>	<b>31 Mar 08</b>	<b>31 Mar 09</b>	<b>31 Mar 08</b>	
	\$'000	\$'000	\$'000	\$'000	
<b>Singapore</b>	26,380	28,991	3,568	4,317	
<b>China</b>	855	1,445	34	49	
	<u>27,235</u>	<u>30,436</u>	<u>3,602</u>	<u>4,366</u>	

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Point 8.

**15. A breakdown of sales as follows:-**

	<b>Latest Financial Period (Apr 08-Mar 09) \$'000 Group</b>	<b>Previous Financial Period (Apr 07-Mar 08) \$'000 Group</b>	<b>Increase/ (decrease)  %</b>
(a) Sales reported for first half of the period	33,670	35,127	(4)
(b) Operating (loss) profit after tax before deducting minority interests reported for first half of the period	(2,584)	69	N.M.
(c) Sales reported for second half of the period	39,758	40,775	(2)
(d) Operating (loss) profit after tax before deducting minority interests reported for second half of the period	(236)	614	N.M

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

- (a) **Ordinary** : N.A
- (b) **Preference** : N.A
- (c) **Total** : N.A.

**BY ORDER OF THE BOARD  
Andrew Tjioe Ka Men  
Executive Chairman  
25 May 2009**