

TUNG LOK RESTAURANTS (2000) LTD

Financial Statement And Dividend Announcement for 6 Months Period Ended 30/09/09

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF 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 2010 Apr 09-Sep 09 \$'000	FY 2009 Apr 08-Sep 08 \$'000 (restated)	Increase/ (Decrease) %
Revenue	35,570	33,670	6
Cost of sales	<u>(11,075)</u>	<u>(10,473)</u>	6
Gross profit	24,495	23,197	6
Other operating income	955	187	411
Administrative expenses	(12,362)	(11,674)	6
Other operating expenses	(13,690)	(13,076)	5
Share of loss of joint ventures	(125)	(735)	(83)
Share of loss of associate	(23)	(231)	(90)
Finance costs	<u>(120)</u>	<u>(94)</u>	28
Loss before tax	(870)	(2,426)	N.M
Income tax expense	<u>(81)</u>	<u>(80)</u>	1
Loss for the period	<u><u>(951)</u></u>	<u><u>(2,506)</u></u>	(62)
Attributable to:			
Equity holders of the company	(871)	(2,435)	
Minority interests	<u>(80)</u>	<u>(71)</u>	
	<u><u>(951)</u></u>	<u><u>(2,506)</u></u>	

N.M : Not meaningful.

Additional information for Income Statement above:

Group

	FY 2010 Apr 09-Sep 09 \$'000	FY 2009 Apr 08-Sep 08 \$'000 (restated)	<u>Note</u>
Other income including interest income	955	187	1
Interest on borrowings	(120)	(94)	2
Depreciation	(1,528)	(1,259)	3
Reversal of Allowances on doubtful debts	-	4	
Amortisation of intangible assets	(10)	(10)	
Impairment of Goodwill in China operation	(204)	(206)	
Loss on disposal of property, plant and equipment	(238)	(1)	4

Note:

1. Higher other income in first half FY2010 was due to Job Credit received from government and expiration of Tung Lok First Card's loyalty points as compared to first half of FY 2009.
2. Increase in interest on borrowings was due to additional loan usage.
3. Increase in depreciation was due to capital expenditure of 4 new restaurants opened in second half of FY 2009.
4. Loss on disposal of property, plant and equipment was due to the relocation of Garuda Padang Restaurant from Cairnhill Place to Orchard Central.

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY 2010 Apr 09-Sep 09 \$'000	FY 2009 Apr 08-Sep 08 \$'000
Exchange differences on translation of the financial statements of foreign entities (net)	195	(55)
Attributed to:		
Equity holders of the company	198	(55)
Minority interests	(3)	-
	195	(55)

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		
	30 Sep 09	31 Mar 09	Note	30 Sep 09	31 Mar 09	Note
	\$'000	\$'000		\$'000	\$'000	
		(restated)				
<u>ASSETS</u>						
Current assets:						
Cash and bank balances	8,995	10,439	1	34	59	
Trade receivables	1,801	824	2	-	-	
Other receivables and prepayments	896	618		40	34	
Inventories	1,969	1,928		-	-	
Total current assets	13,661	13,809		74	93	
Non-current assets:						
Long-term security deposits	1,741	1,723		-	-	
Trade receivables - non-current	153	153		-	-	
Advances to subsidiaries	-	-		1,397	2,809	3
Subsidiaries	-	-		2,507	2,507	

Available-for-sale Investment	100	100		-	-
Goodwill	-	204	4	-	-
Other intangible asset	42	52		-	-
Property, plant and equipment	10,485	11,194	5	-	-
Total non-current assets	12,521	13,426		3,904	5,316
Total assets	26,182	27,235		3,978	5,409

LIABILITIES AND EQUITY

Current liabilities:

Trade payables	5,668	5,884	6	-	-
Other payables	9,960	10,100		4,853	4,389
Current portion of finance leases	268	332		-	-
Bank loans	1,102	2,029	8	-	-
Income tax payable	82	196	9	-	-
Total current liabilities	17,080	18,541		4,853	4,389

Non-current liabilities:

Other payables-non current	270	270	-	-	-
Finance leases	518	653	10	-	-
Long-term loans	2,687	1,388	11	-	-
Deferred tax liabilities	506	506		-	-
Total non-current liabilities	3,981	2,817		-	-

Capital and reserves:

Share capital	10,270	10,270		10,270	10,270
Currency translation deficit	(134)	(332)		-	-
Retained losses	(6,068)	(5,197)		(11,145)	(9,250)
Equity attributable to equity holders of the company	4,068	4,741		(875)	1,020
Minority interests	1,053	1,136		-	-
Total equity	5,121	5,877		(875)	1,020
Total liabilities and equity	26,182	27,235		3,978	5,409

NOTE: EXPLANATION OF FIRST HALF FINANCIAL YEAR 2010 ("1HFY10") VS FIRST HALF FINANCIAL YEAR 2009 ("1HFY09")

1. Decrease in cash and bank balances for "1HFY10" was due to increase in capital expenditure of new outlets and additional investment in joint venture.
2. Increase in Trade Receivables of S\$1.0m in the "1HFY10" was mainly due to billing for Catering Event and Mooncake Sales.
3. Advances to Subsidiaries decreased due to provision for advances by the company to one of its subsidiaries.

4. Impairment of Goodwill.
5. Decrease in Property, Plant and Equipment was due to disposal and depreciation charges during the period which were not offsetted totally by additional fixed assets.
6. Trade Payables decreased due to the lower revenue in "1HFY10" as compared to end of FY09.
7. Increase in Other Payables was mainly due to loan from a subsidiary to the Company in "1HFY10".
8. Decrease in Term Loan was mainly due to reclassification of loan of S\$1.1m from current liabilities to non current liabilities.
9. Reduction in tax provision was due mainly to settlement of previous year taxes in "1HFY10".
10. Decrease in Finance Lease was due to repayment of hire purchase.
11. Increase in Term Loan was mainly due to reclassification of loan of S\$1.1m from current liabilities to non-current liabilities.(as mentioned in note 8)

- 1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-**
- A) the amount repayable in one year or less, or on demand:**
 - B) the amount repayable after one year;**
 - C) whether the amounts are secured or unsecured: and**
 - D) details of any collaterals**

Amount repayable in one year or less, or on demand

As at 30/09/2009		As at 31/03/2009	
Secured	Unsecured	Secured	Unsecured
\$1,370,000	\$0	\$2,219,000	\$142,000

Amount repayable after one year

As at 30/09/2009		As at 31/03/2009	
Secured	Unsecured	Secured	Unsecured
\$3,205,000	\$0	\$2,041,000	\$0

Details of any collateral

1. Mortgage of No 20, Bukit Batok Crescent #11-5,06,07,08,09 Enterprise Centre, Singapore 658080.
2. Kitchen equipments, Furnitures & 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 09-Sep 09 \$'000	Apr 08-Sep 08 \$'000 (restated)
Cash flows from operating activities:		
Loss before tax	(870)	(2,426)
Adjustments for:		
Share of loss of joint ventures	125	735
Share of loss of associate	23	231
Depreciation of property, plant and equipment	1,528	1,259
Loss on disposal of property, plant and equipment	238	1
Interest income	(37)	(17)
Interest expense	120	94
Amortisation of franchise	10	10
Impairment of goodwill	204	206
Bad Debts	-	(4)
Operating cash flows before movements in working capital	1,341	89
Trade receivables	(977)	(328)
Other receivables and prepayments	(42)	(287)
Inventories	(41)	108
Long-term security deposits	(18)	(59)
Advances to joint ventures	(309)	245
Trade payables	(216)	(548)
Other payables	416	(462)
Cash used in operations	154	(1,242)
Interest paid	(120)	(94)
Income tax paid	(195)	(441)
Net cash used in operating activities	(161)	(1,777)
Cash flows from investing activities:		
Additional Investment in joint venture	(300)	(344)
Proceed from disposal of property, plant and equipment	5	-
Purchase of property, plant and equipment (Note 1)	(1,196)	(1,505)
Interest received	37	17
Net cash used in investing activities	(1,454)	(1,832)
Cash flows from financing activities:		
Payment to minority shareholders of subsidiaries	-	307
Receipt from bank loans - net	372	85
Repayment of obligations under finance leases	(199)	(183)
Net cash from financing activities	173	209
Net decrease in cash and cash equivalent	(1,442)	(3,400)
Effect of foreign exchange rate changes	(2)	15

Cash and cash equivalents at beginning of period	10,439	12,461
Cash and cash equivalents at end of period	8,995	9,076

Note:

1) During the period, the group acquired property, plant and equipment with an aggregate cost of \$1,093,000 (2008: \$1,776,000), of which \$ 671,000 (2008:\$1,309,000) was still unpaid as at 30 September 2009 and included in other payables. Cash payment of \$1,196,000 (2008: \$1,505,000) were made to purchase of property, plant and equipment.

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					
	Share capital	Currency translation reserve	Retained losses	Attributable to equity holders of the parent	Minority interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April, 2008 as previously reported	10,270	(60)	(1,569)	8,641	976	9,617
Effect of adjustment arising from adoption of INT FRS113	-	-	(992)	(992)	-	(992)
Balance at 1 April, 2008 as restated	10,270	(60)	(2,561)	7,649	976	8,625
Exchange differences arising on translation of foreign operations	-	(55)	-	(55)	-	(55)
Arising from incorporation of subsidiary	-	-	-	-	360	360
Dividend paid to minority interests	-	-	-	-	(53)	(53)
Loss for the period as previously reported	-	-	(2,513)	(2,513)	(71)	(2,584)
Effect of adjustment arising from adoption of INT FRS113	-	-	78	78	-	78
Loss for the period as restated	-	-	(2,435)	(2,435)	(71)	(2,506)
Balance at 30 September, 2008	10,270	(115)	(4,996)	5,159	1,212	6,371
Balance at 1 April, 2009 as previously reported	10,270	(332)	(4,498)	5,440	1,136	6,576
Effect of adjustment arising from adoption of INT FRS113	-	-	(699)	(699)	-	(699)
Balance at 1 April, 2009 as restated	10,270	(332)	(5,197)	4,741	1,136	5,877
Exchange differences arising on translation of foreign operations	-	198	-	198	(3)	195
Loss for the period	-	-	(871)	(871)	(80)	(951)
Balance at 30 September, 2009	10,270	(134)	(6,068)	4,068	1,053	5,121

	COMPANY					
	Share capital	Currency translation reserve	Retained losses	Attributable to equity holders of the parent	Minority interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April, 2008	10,270	-	(8,332)	1,938	-	1,938
Loss for the period	-	-	(169)	(169)	-	(169)
Balance at 30 September, 2008	<u>10,270</u>	<u>-</u>	<u>(8,501)</u>	<u>1,769</u>	<u>-</u>	<u>1,769</u>
Balance at 1 April, 2009	10,270	-	(9,250)	1,020	-	1,020
Loss for the period	-	-	(1,895)	(1,895)	-	(1,895)
Balance at 30 September, 2009	<u>10,270</u>	<u>-</u>	<u>(11,145)</u>	<u>(875)</u>	<u>-</u>	<u>(875)</u>

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 shares, 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.

	30 Sep 09	31 Mar 09
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.**

Except as disclosed in section 5 below, 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.**

The group has adopted all the new and revised Singapore Financial Reporting Standards (FRS) and interpretation of FRS ("INT FRS") that are relevant to its operation and effective for annual period beginning on or after April 1, 2009. Consequential amendments were also made to various standards as a result of these new and revised standards. The following new or amended FRS and INT FRS are relevant to the group:

FRS 1 – Presentation of Financial Statements (Revised)
 FRS 23 – Borrowing Costs (Revised)
 FRS 108 – Operating Segments
 INT FRS 113 – Customer Loyalty Programmes

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:-**

- (a) **Based on the weighted average number of ordinary shares on issue; and**
 (b) **On a fully diluted basis (detailing any adjustment made to the earning).**

	FY 2009 Apr 09-Sep 09	FY 2008 Apr 08-Sep 08 (restated)
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary shares in issue	(0.62 cents)	(1.74 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 share excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year,

	Group	
	30 Sep 09	31 Mar 09 (restated)
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	2.91 cents	3.39 cents

	Company	
	30 Sep 09	31 Mar 09
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	(0.63 cents)	0.73 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) 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.
(b) 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 first half of financial year ending 31 March 2010 ("1H10") increased by S\$1.9m (6%) to S\$35.6m compared to S\$33.7m for the first half of financial year ended 31 March 2009 ("1H09"), mainly due to higher sales volume contributed by 4 new outlets in 1H10. Hence **Gross Profit** increased by S\$1.3m (6%) to S\$24.5m, compared to S\$23.2m in 1H09.

Other operating income increased by S\$0.8m (411%) to S\$1.0m in 1H10 compared to S\$0.2m in 1H09 due to government's Jobs Credit Scheme and expiration of Tung Lok First Card's loyalty points.

Administrative expenses increased by S\$0.7m (6%) to S\$12.4m in 1H10 compared to S\$11.7m in 1H09 mainly due to manpower costs of new outlets which were partly offset by staff pay and leave cuts across the board.

Other operating expenses increased by S\$0.6m (5%) to S\$13.7m in 1H10 compared to S\$13.1m in 1H09 mainly due to rental, depreciation and relocation expenses incurred by new outlets, and impairment of goodwill. However, these were partly offset by reduction in utilities and advertising & promotions.

Share of loss of joint-ventures improved by S\$0.6m to S\$0.1m in 1H10 compared to S\$0.7m in 1H09 after the closure of one of the loss-making China outlets in FY09.

Share of loss of associates decreased by S\$0.20m to S\$0.02m in 1H10 compared to S\$0.23m in 1H09 due to better performance from China outlets.

Thus, for 1H10 the Group recorded a **Loss for the period** of S\$1.0m compared to S\$2.5m in 1H09.

The negative working capital of the Group stood at S\$3.4m as at 30 September 2009, compared to S\$ 4.7m as at 31 March 2009.

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.

While economic growth has shown signs of recovery, the operating environment for the food and beverage industry continues to be challenging in Singapore. The Group will continue to contain costs and improve internal efficiencies while actively embarking on a range of marketing promotions.

The Group expects its business in Singapore to benefit from the imminent opening of the Integrated Resorts.

For its operations in China, certain outlets have already shown improvement during the reporting period. Also, the economic recovery is taking place at a time when China is preparing for an influx of visitors to the Shanghai Expo starting in May 2010. These factors are expected to contribute positively to China Operations.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended):

No

(b)(i) Amount per share:

Nil

(b) (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.

N.A.

13. Confirmation by the board

The Board of Tung Lok Restaurants (2000) Ltd hereby confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the financial results for the period from 1 April 2009 to 30 September 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Tjioe Ka Men

Executive Chairman

09 Nov 2009