

TUNG LOK RESTAURANTS (2000) LTD

Financial Statement And Dividend Announcement for 6 Months Period Ended 30/09/10

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 2011	FY 2010	Increase/ (Decrease)
	Apr 10-Sep 10 \$'000	Apr 09-Sep 09 \$'000	%
Revenue	44,335	35,570	25
Cost of sales	<u>(14,066)</u>	<u>(11,075)</u>	27
Gross profit	30,269	24,495	24
	[68.3%]	[68.9%]	-
Other operating income	464	955	(51)
Administrative expenses	(14,082)	(12,362)	14
Other operating expenses	(15,999)	(13,690)	17
Share of loss of joint ventures	(69)	(125)	(45)
Share of profit (loss) of associates	140	(23)	-
Finance costs	<u>(169)</u>	<u>(120)</u>	41
Profit(loss) before tax	554	(870)	-
Income tax expense	<u>(281)</u>	<u>(81)</u>	247
Profit(loss) for the period	<u><u>273</u></u>	<u><u>(951)</u></u>	-
Attributable to:			
Equity holders of the company	322	(871)	
Minority interests	<u>(49)</u>	<u>(80)</u>	
	<u><u>273</u></u>	<u><u>(951)</u></u>	

Additional information for Income Statement above:

	Group		
	FY 2011	FY 2010	<u>Note</u>
	Apr 10-Sep 10 \$'000	Apr 09-Sep 09 \$'000	
Other income including interest income	464	955	1
Interest on borrowings	(169)	(120)	2
Depreciation	(1,784)	(1,528)	3
Reversal of bad debts written off	41	-	
Amortisation of intangible assets	(10)	(10)	
Impairment of Goodwill in China operation	-	(204)	
Loss on disposal of property, plant and equipment	(33)	(238)	4
Impairment of property, plant and equipment	(27)	-	

Note:

1. Lower other income in the first half of FY2011 ("1HFY11") was due to reduction in Job Credits received from government of S\$0.1m as compared to S\$0.6m in the first half of FY 2010 ("1HFY10").
2. Increase in interest on borrowings was due to additional loan borrowings.
3. Increase in depreciation was due to capital expenditure of new restaurants in the 1HFY11 as compared to the 1HFY10.
4. Loss on disposal of property, plant and equipment was due to closure of cafeteria operation.

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

	FY 2011 Apr 10-Sep 10 \$'000	FY 2010 Apr 09-Sep 09 \$'000
Profit(Loss) for the period	273	(951)
Exchange differences on translation of the financial statements of foreign entities (net)	85	195
	<u>358</u>	<u>(756)</u>
Attributed to:		
Equity holders of the company	409	(673)
Minority interest	(51)	(83)
	<u>358</u>	<u>(756)</u>

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 10	31 Mar 10	Note	30 Sep 10	31 Mar 10	Note
	\$'000	\$'000		\$'000	\$'000	
<u>ASSETS</u>						
Current assets:						
Cash and bank balances	14,265	16,174	1	65	165	
Trade receivables	2,102	1,398	2	-	-	
Other receivables and prepayments	1,087	686	3	27	21	
Inventories	1,901	1,989		-	-	
Total current assets	<u>19,355</u>	<u>20,247</u>		<u>92</u>	<u>186</u>	
Non-current assets:						
Long-term security deposits	1,944	1,807	4	-	-	
Trade receivables - non-current	125	125		-	-	
Advances to a subsidiaries	-	-		3,403	1,678	5
Subsidiaries	-	-		2,756	2,756	
Joint ventures	-	-		60	60	
Associates	643	110	6	-	-	

Available-for-sale Investment	300	125	7	-	-	
Other intangible asset	22	32		-	-	
Property, plant and equipment	13,234	13,639	8	-	-	
Total non-current assets	16,268	15,838		6,219	4,494	
Total assets	35,623	36,085		6,311	4,680	
<u>LIABILITIES AND EQUITY</u>						
Current liabilities:						
Trade payables	7,470	7,569		-	-	
Other payables	11,840	13,191	9	5,952	3,996	10
Current portion of finance leases	278	271	11a	-	-	
Bank loans	2,477	2,173	12a	-	-	
Income tax payable	274	216	13	-	-	
Total current liabilities	22,339	23,420		5,952	3,996	
Non-current liabilities:						
Other payables-non current	638	288	14	-	-	
Finance leases	239	381	11b	-	-	
Long-term loans	4,598	4,558	12b	-	-	
Deferred tax liabilities	702	689		-	-	
Total non-current liabilities	6,177	5,916		-	-	
Total Liabilities	28,516	29,336		5,952	3,996	
Capital and reserves:						
Share capital	10,270	10,270		10,270	10,270	
Currency translation deficit	(35)	(122)		-	-	
Retained losses	(4,111)	(4,433)		(9,911)	(9,586)	
Equity attributable to equity holders of the company	6,124	5,715		359	684	
Minority interests	983	1,034		-	-	
Total equity	7,107	6,749		359	684	
Total liabilities and equity	35,623	36,085		6,311	4,680	

NOTE: EXPLANATION Of THE FIRST HALF FINANCIAL YEAR 2011("1HFY11") VS FINANCIAL YEAR 2010 (FY10)

1. Decrease in cash and bank balances for 1HFY11 was due to investment and payment of outstanding capital expenditure.
2. Trade Receivables increased by S\$0.7m in the 1HFY11 was due to billing for catering event and mooncake sales.
3. Higher Other Receivables and Prepayment was due to deposit paid for mooncake material.
4. Increase in Long-Term Security Deposit was due to increase in utilities and rental deposit.
5. Increase was mainly due to increase in amount advanced to subsidiaries for investment and working capital. (see note 10)

6. Increase in investment in Associates of S\$0.5m in 1HFY11 was mainly due to the Group's investment in a new associate company.
7. Increase in Available-for-sale investment of S\$0.2m was due to investment in a new company.
8. Decrease in Property, Plant and Equipment was due to increase in depreciation partially offset by additional of fixed assets.
9. Lower Other Payables were due to payment of capital expenditure and lower accruals.
10. Increase was due to borrowing from a subsidiary for investment and working capital.(note 5)
- 11(a) & (b) Decrease was due to repayment of finance leases.
- 12(a) & (b) Increase in Bank Loans and Long Term Loan in 1HFY11 was due to additional bank loan of S\$1.5m drawn down offset by repayment of loan of S\$1.2m.
13. Increase in tax provision was mainly due to profit making companies.
14. Higher other payables was due to loan from joint venture partner.

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 30/09/2010		As at 31/03/2010	
Secured	Unsecured	Secured	Unsecured
\$2,755,000	\$0	\$ 2,444,000	\$0

Amount repayable after one year

As at 30/09/2010		As at 31/03/2010	
Secured	Unsecured	Secured	Unsecured
\$4,837,000	\$0	\$4,939,000	\$0

Details of any collateral

1. Mortgage of No 20, Bukit Batok Crescent #11-06,07,08,09, Enterprise Centre, Singapore 658080
2. Kitchen Equipment, 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 10-Sep 10 \$'000	Apr 09-Sep 09 \$'000	Note
Cash flows from operating activities:			
Profit (loss) before tax	554	(870)	
Adjustments for:			
Share of loss of joint ventures	69	125	
Share of loss of associates	(140)	23	
Depreciation of property, plant and equipment	1,784	1,528	
Loss on disposal of property, plant and equipment	33	238	
Interest income	(14)	(37)	
Interest expense	169	120	
Amortisation of franchise	10	10	
Impairment of goodwill	-	204	
Impairment of property, plant and equipment	27	-	
Bad debts	(41)	-	
Operating cash flows before movements in working capital	2,451	1,341	1
Trade receivables	(704)	(977)	
Other receivables and prepayments	(362)	(42)	
Inventories	88	(41)	
Long-term security deposits	(137)	(18)	
Advances to joint ventures	-	(309)	
Trade payables	(99)	(216)	
Other payables (A)	(756)	416	
Movements in working capital	(1,970)	(1,187)	2
Cash from operations	481	154	
Interest paid	(169)	(120)	3
Income tax paid	(210)	(195)	
Net cash from (used in) operating activities	102	(161)	4
Cash flows from investing activities:			
Acquisition of equity interest in an associate	(375)	(300)	
Acquisition of available-for-sales investment	(200)	-	
Proceed from disposal of property, plant and equipment	40	5	
Purchase of property, plant and equipment (A)	(2,091)	(1,196)	
Interest received	14	37	
Net cash used in investing activities	(2,612)	(1,454)	5
Cash flows from financing activities:			
Loan from minority shareholder	350	-	
Proceed from bank loans	1,500	1,000	
Repayment of bank loans	(1,156)	(628)	
Repayment of obligations under finance leases	(135)	(199)	
Net cash from financing activities	559	173	6

Net decrease in cash and cash equivalents	(1,951)	(1,442)
Effect of foreign exchange rate changes	42	(2)
Cash and cash equivalents at beginning of period	16,174	10,439
Cash and cash equivalents at end of period	14,265	8,995

- A.** During the period, the group acquired property, plant and equipment with an aggregate cost of S\$1,476,000 (2010:S\$1,093,000), of which S\$917,000 (2010:S\$671,000) was still unpaid as at 30 September 2010 and include in other payables. Cash payment of S\$2,091,000 (2010:S\$1,196,000) were made to purchase of property, plant and equipment.

Note:

1. Increase in cashflow before movements in working capital in 1HFY11 was due to improved profitability.
2. Increase in working capital was due to increased business, especially for catering events and mooncake business.
3. Additional borrowings resulted in higher interest paid.
4. Net cashflow from operating activities improved from a negative of \$0.2m in 1HFY10 to a positive of \$0.1m in 1HFY11 due to improved profitability, partially offset by additional working capital.
5. Net cashflow used in investing activities increased from \$1.5m in 1HFY10 to \$2.6m in 1HFY11 due to settlement of capital expenditure, investment in a new associate company and available-for-sale investment.
6. Net cashflow from financing activities increased to \$0.6m in 1HFY11, as compared to previous period of S\$0.2m, due to additional borrowings.

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, 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
Total comprehensive income for the period	-	198	(871)	(673)	(83)	(756)
Balance at 30 September, 2009	10,270	(134)	(6,068)	4,068	1,053	5,121
Balance at 1 April, 2010	10,270	(122)	(4,433)	5,715	1,034	6,749
Total comprehensive income for the period	-	87	322	409	(51)	358
Balance at 30 September, 2010	10,270	(35)	(4,111)	6,124	983	7,107

	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, 2009	10,270	-	(9,250)	1,020	-	1,020
Total comprehensive income 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>
Balance at 1 April, 2010	10,270	-	(9,586)	684	-	684
Total comprehensive income for the period	-	-	(325)	(325)	-	(325)
Balance at 30 September, 2010	<u>10,270</u>	<u>-</u>	<u>(9,911)</u>	<u>359</u>	<u>-</u>	<u>359</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.

There are no changes to the Company's share capital and the Company does not have any outstanding treasury shares.

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 Sept 10	31 Mar 10
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:-**

- (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 2011 Apr 10 - Sep 10	FY 2010 Apr 09 - Sep 09
Earnings (loss) per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on 140,000,000 of ordinary shares in issue	0.23 cent	(0.62 cent)
(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 10	31 Mar 10
Net asset backing per ordinary share based on existing issued share capital (excluding treasury shares)	4.37 cents	4.08 cents

	Company	
	30 Sep 10	31 Mar 10
Net asset backing per ordinary share based on existing issued share capital (excluding treasury shares)	0.26 cent	0.49 cent

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 and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

(a) **Revenue** for the first half of financial year ending 31 March 2011 ("1HFY11") increased by S\$8.8m (+25%) to S\$44.3m compared to S\$35.6m for the first half of financial year ended 31 March 2010 ("1HFY10"), mainly due to higher sales volume contributed by new outlets. The new outlets were mostly opened in second half of FY2010. Hence, **Gross Profit** increased by S\$5.8m (+24%) to S\$30.3m, compared to S\$24.5m in 1HFY10.

Other operating income decreased by S\$0.5m (-51%) to S\$0.5m in 1HFY11 compared to S\$1.0m in 1HFY10 due to the gradual withdrawal of Government's Jobs Credit Scheme.

Administrative expenses increased by S\$1.7m (+14%) to S\$14.1m in 1HFY11 compared to S\$12.4m in 1HFY10 mainly due to manpower costs of new outlets.

Other operating expenses increased by S\$2.3m (+17%) to S\$16.0m in 1HFY11 compared to S\$13.7m in 1HFY10 mainly due to increase in utilities rates, and additional depreciation, rental and other costs of new outlets.

Share of loss of joint-ventures reduced by S\$0.06m to S\$0.07m in 1HFY11 compared to S\$0.13m in 1HFY10 due to better performance.

Share of profit of associates was S\$0.14m in 1HFY11 as compared to a loss of S\$0.02m in 1HFY10 due to better performance from China outlets.

Thus, the Group recorded a **Profit** of S\$0.3m for 1HFY11 compared to a **Loss** of S\$0.9m in 1HFY10.

- (b) The Group's operational cashflow improved from S\$1.3m in 1HFY10 to S\$2.5m in 1HFY11 due to better operational performance. However, this was offset partly by payment of capital expenditure of S\$2.1m, investment in a new associate company of S\$0.4m, available-for-sale investment of S\$0.2m, and additional working capital. Also, there was a net increase in borrowing of S\$0.6m in 1HFY11, as compared to \$0.2m in 1HFY10.

Total assets of the Group reduced marginally by S\$0.5m to S\$35.6m in 1HFY11, as compared to S\$36.1m in FY10, due to increase in depreciation, not fully offset by additions of fixed assets.

Total liabilities of the Group reduced by S\$0.8m to S\$28.5m in 1HFY11, as compared to S\$29.3m in FY10, due mainly to settlement of outstanding capital expenditure.

The negative working capital of the Group stood at S\$3.0m as at 30 September 2010, compared to S\$3.2m as at 31 March 2010.

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.

The Group's performance has benefited from the recovery of the Singapore economy and stronger consumer confidence.

The Group will continue to streamline its operations through automation, and adoption of new technology. Further, the Group will increase its central purchasing activities, and better utilize its central kitchen operations.

At the same time, the Group continues to improve its service quality through staff training, and to introduce innovative cuisine and concepts.

In addition, much effort has been stepped up in our marketing and promotion activities to increase our customer base.

In China, the Group expects better performance from its outlets.

The Group's second half performance is seasonally expected to be better.

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.

No dividend has been declared / recommended.

13. Confirmation by the board

The Board of Tung Lok Restaurants (2000) Ltd does hereby confirm 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 2010 to 30 September 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Andrew Tjioe Ka Men

Executive Chairman

09 November 2010

This announcement has been reviewed by the Company's sponsor, KW Capital Pte Ltd, for the compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statement or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor is:-

Name : Mr Hoon Tai Meng (Registered Professional, KW Capital Pte Ltd)

Address: 80 Raffles Place, # 25-01, UOB Plaza 1, Singapore 048624.

Tel: 6238 3377.