

FOOD JUNCTION HOLDINGS LIMITED

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

		Group					
	Note	2Q 2011 S\$'000	2Q 2010 S\$'000	Change + / (-) %	1H 2011 S\$'000	1H 2010 S\$'000	Change + / (-) %
Revenue							
Turnover		13,868	11,849	17.0	27,136	23,172	17.1
Other income		329	213	54.5	730	366	99.5
Total revenue		14,197	12,062	17.7	27,866	23,538	18.4
Cost of food and beverages		(2,369)	(2,029)	16.8	(4,524)	(4,002)	13.0
Advertising and promotion expenses		(183)	(142)	28.9	(331)	(341)	(2.9)
Personnel expenses		(3,609)	(2,941)	22.7	(6,996)	(6,011)	16.4
Depreciation of fixed assets		(712)	(598)	19.1	(1,427)	(1,188)	20.1
Operating lease expenses		(5,134)	(4,122)	24.6	(10,175)	(8,142)	25.0
Other expenses		(401)	(433)	(7.4)	(851)	(769)	10.7
Utilities expenses		(891)	(711)	25.3	(1,562)	(1,398)	11.7
Interest income		74	57	29.8	142	130	9.2
Profit before tax		972	1,143	(15.0)	2,142	1,817	17.9
Income tax expense	Note 2	(235)	(193)	21.8	(508)	(363)	39.9
Profit after tax	Note 1	737	950	(22.4)	1,634	1,454	12.4
Profit for the period attributable to:							
Owners of the Company		727	950	(23.5)	1,592	1,454	9.5
Non-controlling interests		10	-	NM	42	-	NM
		737	950	(22.4)	1,634	1,454	12.4

1(a)(ii) Consolidated Statement of Comprehensive Income and Notes to the Income Statement.

	Group					
	2Q 2011	2Q 2010	Change	1H 2011	1H 2010	Change
	S\$'000	S\$'000	+ / (-) %	S\$'000	S\$'000	+ / (-) %
Profit after tax	737	950	(22.4)	1,634	1,454	12.4
Other comprehensive income:						
Foreign currency translation	(157)	35	NM	(252)	(119)	111.8
Total comprehensive income	580	985	(41.1)	1,382	1,335	3.5
Total comprehensive income attributed to:						
Owners of the parent	570	985	(42.1)	1,340	1,335	0.4
Non-controlling interests	10	-	NM	42	-	NM
	580	985	(41.1)	1,382	1,335	3.5

	Group					
	2Q 2011	2Q 2010	Change	1H 2011	1H 2010	Change
	S\$'000	S\$'000	+ / (-) %	S\$'000	S\$'000	+ / (-) %
Note 1						
The profit attributable to shareholders is determined after charging/(crediting) the following:-						
Foreign exchange (gain) / loss	(33)	(17)	94.1	(66)	(118)	(44.1)
Fixed assets written off and provision for impairment of fixed assets	7	19	(63.2)	89	73	21.9
Loss on disposal of fixed assets	3	29	(89.7)	6	34	(82.4)
Amortisation of intangible assets	18	12	50.0	36	21	71.4
Finance cost (on provision for reinstatement cost)	12	-	NM	23	10	130.0
Interest income :- Fixed deposits	(3)	(17)	(82.4)	(28)	(42)	(33.3)
Discounting deposits	(71)	(40)	77.5	(114)	(88)	29.5
Lease expenses relating to fair value of rental deposits	65	53	22.6	113	109	3.7
Additional lease expense on straight-line basis over the lease term	50	-	NM	50	-	NM

Note 2

Taxation :-

Current tax

- Current year	254	192	32.3	532	344	54.7
- (Over)/under provision in respect of prior years	(15)	(3)	400.0	(15)	(1)	1,400.0

Deferred tax

- Current year	(4)	4	NM	(9)	20	NM
	235	193	21.8	508	363	39.9

NM : Not meaningful

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	
	As at	As at	As at	As at
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Fixed assets	9,721	9,122	-	-
Intangible assets	9,096	9,132	-	-
Investment in subsidiary companies	-	-	6,821	6,821
Loan to subsidiary companies	-	-	3,250	3,250
Deposits and other receivables *	4,931	6,744	173	87
Prepayments and other recoverables **	1,483	1,661	14	18
	<u>25,231</u>	<u>26,659</u>	<u>10,258</u>	<u>10,176</u>
Current assets				
Inventories	421	332	-	-
Trade receivables	23	29	-	-
Deposits and other receivables *	3,250	1,861	2,231	3,933
Prepayments and other recoverables **	1,310	1,029	10	8
Amount due from subsidiary companies (non-trade)	-	-	9,536	8,358
Fixed deposits pledged	733	720	-	-
Cash and bank balances	19,663	19,551	260	386
	<u>25,400</u>	<u>23,522</u>	<u>12,037</u>	<u>12,685</u>
Current liabilities				
Trade payables ***	(5,397)	(5,874)	-	-
Other payables, deposits received and accruals ****	(9,321)	(9,030)	(409)	(560)
Deferred income	(852)	(1,003)	-	-
Provision for income tax	(429)	(238)	(90)	(135)
	<u>(15,999)</u>	<u>(16,145)</u>	<u>(499)</u>	<u>(695)</u>
Net current assets	9,401	7,377	11,538	11,990
Non-current liabilities				
Deferred taxation	(904)	(913)	-	-
Deferred income	(514)	(807)	-	-
Provision for reinstatement cost	(955)	(938)	-	-
	<u>(2,373)</u>	<u>(2,658)</u>	<u>-</u>	<u>-</u>
	<u>32,259</u>	<u>31,378</u>	<u>21,796</u>	<u>22,166</u>
Equity attributable to owners of the Company				
Share capital	12,707	12,707	12,707	12,707
Treasury shares	(468)	(286)	(468)	(286)
Accumulated profits	20,289	19,016	9,557	9,745
Translation reserve	(521)	(269)	-	-
	<u>32,007</u>	<u>31,168</u>	<u>21,796</u>	<u>22,166</u>
Non-controlling interest	252	210	-	-
Total equity	<u>32,259</u>	<u>31,378</u>	<u>21,796</u>	<u>22,166</u>

Notes:-

* *Deposits and other receivables include the following:-*

- (a) *Rental deposits* : security deposits paid to landlords.
- (b) *Other receivables* : receivables from tenants for purchases paid/expenses incurred on their behalf.
- (c) *Other deposits* : utilities and other deposits.

** *Prepayments and other recoverables include the following:*

- (a) *Renovation fees receivable* : renovation fees receivable from tenants for renovation cost.
- (b) *Prepayments* : prepaid expenses for services and maintenance, insurance etc.
- (c) *Deferred lease expenses* : deferred lease expenses from existing lease.

*** *Trade payables consist of stall tenants' sales proceeds (after deducting fees & necessary charges) to be refunded to stall tenants on the 12th of the following month.*

**** *Other payables, deposits received and accruals include the following:-*

- (a) *Other payables* : unpaid invoices from creditors of both food courts and F&B operations.
- (b) *Deposits received* : security deposits received from stall tenants.
- (c) *Accruals* : provisions for incurred expenses and unbilled costs.

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

Amount repayable in one year or less, or on demand

Nil

Amount repayable after one year

Nil

Whether the amounts are secured or unsecured

Nil

Details of any collateral

Nil

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

	Group			
	2Q 2011	2Q 2010	1H 2011	1H 2010
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before taxation	972	1,143	2,142	1,817
Adjustments:				
Loss on disposal of fixed assets	3	29	6	34
Fixed assets written off, net	7	19	89	73
Finance cost on provision for reinstatement cost	12	-	23	10
Amortisation of intangible assets	18	12	36	21
Depreciation of fixed assets	712	598	1,427	1,188
Interest income	(74)	(57)	(142)	(130)
Lease expense relating to fair value of rental deposits	65	53	113	109
Additional lease expense on straight-line basis over the lease term	50	-	50	-
Exchange difference	(138)	52	(205)	126
Operating cash flows before changes in working capital	1,627	1,849	3,539	3,248
(Increase)/decrease in inventories	(75)	17	(88)	41
Decrease/(increase) in trade receivables, deposits, other receivables and prepayments	511	(292)	327	(490)
Increase/(decrease) in trade payables, other payables, deposits received and accruals	122	135	(679)	(1,015)
Increase in fixed deposits pledged with banks	(13)	(98)	(13)	(98)
Cash generated from operations	2,172	1,611	3,086	1,686
Interest income received	3	17	28	42
Income taxes paid	(311)	(222)	(322)	(281)
Net cash flows from operating activities	1,864	1,406	2,792	1,447
Cash flows from investing activities				
Purchase of fixed assets	(334)	(536)	(2,184)	(1,195)
Proceeds from disposal of fixed assets	4	14	4	25
Net cash flows used in investing activities	(330)	(522)	(2,180)	(1,170)
Cash flows from financing activities				
Purchase of Treasury shares	-	-	(182)	-
Dividends paid	(318)	(648)	(318)	(648)
Net cash flows used in financing activities	(318)	(648)	(500)	(648)
Net increase/(decrease) in cash and cash equivalents	1,216	236	112	(371)
Cash and cash equivalents at beginning of period	18,447	19,856	19,551	20,463
Cash and cash equivalents at end of period (Note 1)	19,663	20,092	19,663	20,092

Note 1 – Cash and cash equivalent comprise:

	Group			
	2Q 2011 S\$'000	2Q 2010 S\$'000	1H 2011 S\$'000	1H 2010 S\$'000
Fixed deposits	1,999	7,346	1,999	7,346
Cash and bank balances	18,397	13,467	18,397	13,467
	20,396	20,813	20,396	20,813
Fixed deposits pledged with the bank (for rental deposits to landlords)	(733)	(721)	(733)	(721)
Cash and cash equivalents not restricted in use	19,663	20,092	19,663	20,092

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	Attributable to owners of the Company						
	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Translation differences S\$'000	Equity attributable to owners of the parent, total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 April 2010	12,707	-	17,848	(167)	30,388	-	30,388
Profit for the period	-	-	950	-	950	-	950
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	35	35	-	35
Total comprehensive income for the period	-	-	950	35	985	-	985
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	(648)	-	(648)	-	(648)
Balance at 30 Jun 2010	12,707	-	18,150	(132)	30,725	-	30,725
Balance at 1 April 2011	12,707	(468)	19,880	(364)	31,755	242	31,997
Profit for the period	-	-	727	-	727	10	737
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	(157)	(157)	-	(157)
Total comprehensive income for the period	-	-	727	(157)	570	10	580
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	(318)	-	(318)	-	(318)
Balance as at 30 Jun 2011	12,707	(468)	20,289	(521)	32,007	252	32,259

Company	Attributable to owners of the Company						
	Share capital	Treasury shares	Accumulated profits	Translation differences	Equity attributable to owners of the parent, total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2010	12,707	-	8,404	-	21,111	-	21,111
Profit for the period	-	-	130	-	130	-	130
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	130	-	130	-	130
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	(648)	-	(648)	-	(648)
Balance at 30 Jun 2010	12,707	-	7,886	-	20,593	-	20,593
Balance at 1 April 2011	12,707	(468)	9,809	-	22,048	-	22,048
Profit for the period	-	-	66	-	66	-	66
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	66	-	66	-	66
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	(318)	-	(318)	-	(318)
Balance as at 30 Jun 2011	12,707	(468)	9,557	-	21,796	-	21,796

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 were no changes in the Company's issued share capital since the end of the previous period reported on.

The number of treasury shares held as at 30 June 2011 is 2,240,000 (30 June 2010: Nil).

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.

As at 30 June 2011, the number of ordinary shares in issue (excluding treasury shares of 2,240,000) is 127,392,790 (31 December 2010: 128,265,790).

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 reported on.

There has been no sales, transfer, disposal, cancellation and/or use of treasury shares for the period reported on. Total number of treasury shares as at 30 June 2011 is 2,240,000.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

These figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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 paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2010.

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 various revised or new FRS and INT FRS applicable from 1 January 2011. These do not have a significant financial impact on the Group.

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 adjustments made to the earnings).

	Group			
	2Q 2011	2Q 2010	1H 2011	1H 2010
Earnings per ordinary share for the period:				
(a) Based on the weighted average number of ordinary shares in issue	0.57 cents	0.73 cents	1.25 cents	1.12 cents
Weighted average number of ordinary shares (excluding treasury shares)	127,392,790	129,632,790	127,681,144	129,632,790
(b) Based on a fully diluted basis	0.57 cents	0.73 cents	1.25 cents	1.12 cents
Weighted average number of ordinary shares (excluding treasury shares)	127,392,790	129,632,790	127,681,144	129,632,790

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; and (b) immediately preceding financial year.**

	Group		Company	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
Net asset value per ordinary share based on issued share capital (excluding treasury shares) as at the end of the reporting period	25.12 cents	24.04 cents	17.11 cents	17.10 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; 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.**

Income Statement

The Group recorded a turnover of S\$13.9 million (2Q 2010: S\$11.8 million), an increase of S\$2.1 million or 17.0%. The increase in turnover was mainly attributable to:

- (i) food and beverage ("F&B") sales of S\$1.4 million from the newly acquired Lippo Chiuchow restaurant in Hong Kong, in November 2010;
- (ii) F&B sales of S\$0.3 million from the newly opened Mediterranean restaurant (The Medzs) in mid-April 2011;
- (iii) license fee income of S\$0.8 million from the two newly opened food courts at National University of Singapore ("NUS") and Nex Shopping Mall ("Nex") in October 2010 and November 2010 respectively; and offset by
- (iv) decline in net turnover from F&B (S\$0.8 million) as a result of absence of F&B sales from self-operating stalls that have been leased out to third parties to earn license fee income.

As at end 2Q 2011, the Group managed and operated 19 food courts (2Q 2010: 17), 36 self-operated food courts stalls (2Q 2010: 46), 9 Toast@Work outlets (2Q 2010: 6), 1 Japanese restaurant, Tetsu (2Q 2010: 1), 2 Malone's self-operated restaurants (2Q 2010: 1 self-operated and 1 franchised), 2 SoEZ cooking studios (2Q 2010: 1), 1 Chinese restaurant, Lippo Chiuchow restaurant (2Q 2010: Nil) and 1 Mediterranean restaurant, The Medzs (2Q 2010: Nil).

Increase in other operating income was mainly due to higher billing for ad hoc services to the food court tenants.

The Group's total operating expenses for 2Q 2011 was S\$13.2 million (2Q 2010: S\$10.9 million), an increase of S\$2.3 million or 21.1%. In general, the increase in operating lease expenses, personnel expenses and depreciation charges were mainly attributable to commencement of two new food courts at Nex and NUS, the opening of The Medzs and consolidation of the operation in Lippo Chiuchow restaurant. In addition to these new establishments, operating costs were also incurred in preparation and ramping up of the new F&B concepts that the Group intends to introduce and the impending opening of the fine-dining Chinese restaurant (Li Xuan) in Shanghai, China.

On an overall basis, the Group recorded a net profit after tax and non-controlling interest of S\$0.73 million (2Q 2010: S\$0.95 million), a decrease in profits of S\$0.22 million or 23.5%.

Balance Sheet

The increase in fixed assets was mainly due to renovation work-in-progress for the impending opening of a new Chinese restaurant, Li Xuan, in Shanghai.

The decrease in deposits and other receivables (non-current assets) and increase in deposits and other receivables (current assets) were mainly due to reclassification of rental deposit placement with landlords as some of the existing leases are due for renewal within the next 12 months.

Cash Flow Statement

The Group's cash and cash equivalents have remained relatively stable at S\$19.7 million (30 June 2010: S\$20.0 million). Net cash flows used in investing activities of S\$0.3 million relates to payment for the renovation works. The Group had also paid out the proposed final dividend (S\$0.3 million) for financial year 2010 in 2Q 2011, as reflected under the net cash outflow from financing activities.

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

The Group did not make any forecast or prospect statement previously disclosed to shareholders.

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.

Update on Cessation of Malones operation in Suzhou, China

Further to the announcement on 27 July 2011, the Company would like to inform that the Group has ceased its Malones operation in Suzhou on 31 July 2011. Arising from this cessation exercise alone, the Group is expected to incur a financial loss of approximately S\$1 million, mainly attributable to write down of immovable fixed assets, compensation payments to the landlord at a negotiated settlement sum and compensation payment to staff for retrenchment. The Company would like to highlight that less than half of the estimated loss of S\$1 million would result in cash outflow. In the meantime, management continues to review its plan for Malones operations. As a consequence of this cessation exercise, the Company is expecting an adverse material impact on the Group's financial results for the third quarter ending 30 September 2011 and year ending 31 December 2011.

Commentary on the Group's operations

In general, the Group expects the operating conditions to remain challenging in the markets that we operate in. Notwithstanding, the Group remain committed to grow its food court and F&B business segments. Accordingly, the Group will continue to streamline its food court and F&B operations, expand business operations through the introduction of new F&B concepts and control operating costs to improve the Group's results and financial position.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Exempt 1-Tier Interim Dividend
Dividend Type	Cash
Dividend Amount per share (in cents)	0.25 cent per ordinary share

Par value of shares	Not applicable
Tax Rate	Exempt 1-Tier
Date paid	14 September 2010

(c) Date Dividend is payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the period reported on.

PART II – 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.

Not applicable.

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.

Not applicable.

15. A breakdown of sales and profit after tax.

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:- (a) Ordinary; (b) Preference; and (c) Total.

Not applicable.

CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the second quarter financial results for the period ended 30 June 2011 to be false or misleading in any material aspect.

On behalf of the board of directors,

Christopher James Williams
Chairman

David Lim Chiew Poh
Managing Director

Singapore
5 August 2011