

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 OCTOBER 2019

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	The Group		
	3 months ended 31 October		Increase/ (Decrease)
	2019	2018	
	S\$'000	S\$'000	%
Revenue	1,538	1,144	34%
Other operating income	9	-	N.M.
Expenses			
- Inventories and consumables used	(338)	(146)	>100%
- Travel booking services costs	(497)	(684)	(27%)
- Advertising, media and entertainment	(52)	(56)	(7%)
- Employee benefits	(665)	(744)	(11%)
- Amortisation and depreciation	(370)	(74)	>100%
- Rental on operating leases	-	(238)	N.M.
- Transportation	(13)	(3)	>100%
- Finance costs	(47)	-	N.M.
- Legal and professional fees	(74)	(163)	(55%)
- Licence and permits	(4)	-	N.M.
- Other operating expenses	(197)	(151)	30%
- Changes in inventories of finished goods	4	2	100%
Total expenses	<u>(2,253)</u>	<u>(2,257)</u>	(1%)
Loss before income tax	(706)	(1,113)	(37%)
- Income tax expense	<u>(1)</u>	<u>(2)</u>	(50%)
Loss for the financial period	<u>(707)</u>	<u>(1,115)</u>	(37%)
Attributable to:			
Owners of the Company	(602)	(1,061)	(43%)
Non-controlling interest	<u>(105)</u>	<u>(54)</u>	94%
	<u>(707)</u>	<u>(1,115)</u>	(37%)

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

	The Group		
	3 months ended 31 October		
	2019 S\$'000	2018 S\$'000	Increase/ (Decrease) %
Loss for the financial period	(707)	(1,115)	(37%)
Other comprehensive loss:			
Exchange differences on translating foreign operations	16	(14)	N.M.
Total comprehensive loss for the financial period	(691)	(1,129)	(39%)
Attributable to:			
Owners of the Company	(928)	(1,075)	(14%)
Non-controlling interest	237	(54)	N.M.
	(691)	(1,129)	(39%)

1(a)(ii) The Group's loss for the financial year is arrived after charging/(crediting) the following:

	The Group		
	3 months ended 31 October		
	2019 S\$'000	2018 S\$'000	Increase/ (Decrease) %
Depreciation on plant and equipment	351	55	>100%
Amortisation of intangible asset	19	19	-
Government grant	6	-	N.M.
Net foreign exchange gain	3	-	N.M.

N.M.: Not meaningful

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

STATEMENTS OF FINANCIAL POSITION

	The Group		The Company	
	31/10/2019	31/7/2019	31/10/2019	31/7/2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current assets</u>				
Cash and cash equivalents	107	320	26	73
Trade and other receivables	745	905	4,566	4,305
Inventories	29	25	-	-
	881	1,250	4,592	4,378
<u>Non-current assets</u>				
Plant and equipment	5,414	2,051	18	21
Goodwill	194	194	-	-
Intangible asset	70	89	-	-
Guarantee deposit	177	177	-	-
Investment in subsidiaries	-	-	100	100
	5,855	2,511	118	121
Total assets	6,736	3,761	4,710	4,499
<u>Current liabilities</u>				
Trade and other payables	3,036	3,122	2,429	1,819
Lease liabilities	831	-	-	-
Provision for reinstatement	216	216	-	-
Bank borrowings	9	9	-	-
	4,092	3,347	2,429	1,819
<u>Non-current liabilities</u>				
Lease liabilities	2,921	-	-	-
	2,921	-	-	-
Total liabilities	7,013	3,347	2,429	1,819

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

STATEMENTS OF FINANCIAL POSITION

	The Group		The Company	
	31/10/2019	31/7/2019	31/10/2019	31/7/2019
	S\$'000	S\$'000	S\$'000	S\$'000
Equity				
Share capital	62,650	62,650	62,650	62,650
Foreign currency translation reserve	(221)	(237)	-	-
Accumulated losses	(62,943)	(62,341)	(60,369)	(59,970)
	(514)	72	2,281	2,680
Non-controlling interest	237	342	-	-
Total (deficit)/equity	(277)	414	2,281	2,680
Total equity and liabilities	6,736	3,761	4,710	4,499

- 1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts 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.

	The Group			
	As at 31/10/2019		As at 31/7/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less or on demand	-	2,206	-	1,676
Amount repayable after one year	-	-	-	-

Note:

Total borrowings consist of bank borrowings of approximately S\$9,000 (as at 31 July 2019: approximately S\$9,000) and interest-free advances of approximately S\$2,197,000 (as at 31 July 2019: S\$1,667,000) from the controlling shareholder and Executive Chairman and CEO of the Company, Mr Saito Hiroyuki.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	The Group	
	3 months ended 31 October	
	2019	2018
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before income tax	(706)	(1,113)
<u>Adjustments for:</u>		
Depreciation of plant and equipment	351	55
Amortisation of intangible asset	19	19
Operating cash flows before changes in working capital	(336)	(1,039)
<u>Changes in working capital</u>		
Decrease in trade and other receivables	160	170
Increase in inventories	(4)	(7)
(Decrease)/Increase in trade and other payables	(87)	163
Cash flows used in operations	(267)	(713)
Income tax paid	(1)	(2)
Net cash flows used in operating activities	(268)	(715)
Cash flows from investing activities		
Purchase of plant and equipment and right of use	(3,713)	(955)
Exchange realignment	16	(14)
Capital contribution from non-controlling interest	-	694
Net cash flows used in investing activities	(3,697)	(275)
Cash flows from financing activities		
Lease liabilities	3,752	-
Repayment of borrowings	-	(9)
Net cash flows used in financing activities	3,752	(9)
Net change in cash and cash equivalents	(213)	(999)
Cash and cash equivalents at beginning of the financial period	320	1,760
Cash and cash equivalents at end of the financial period	107	761

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.

(i) Consolidated statement of changes in equity for the period ended 31 October - Group

	Share Capital S\$'000	Foreign Currency Translation S\$'000	Accumulated Losses S\$'000	Non- Controlling Interest S\$'000	Total S\$'000
Balance at 1 August 2019	62,650	(237)	(62,341)	342	414
Loss for the financial period	-	-	(602)	(105)	(707)
Other comprehensive income for the financial period	-	16	-	-	16
Balance at 31 October 2019	62,650	(221)	(62,943)	237	(277)
Balance at 1 August 2018	62,265	(49)	(59,247)	-	2,969
Capital contribution from non-controlling interest	-	-	-	694	694
Loss for the financial period	-	-	(1,061)	(54)	(1,115)
Other comprehensive income for the financial period	-	(14)	-	-	(14)
Balance at 31 October 2018	62,265	(63)	(60,308)	640	2,534

(ii) Statement of changes in equity for the period ended 31 October - Company

	Share Capital S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 August 2019	62,650	(59,970)	2,680
Loss for the financial period	-	(399)	(399)
Balance at 31 October 2019	62,650	(60,369)	2,281
Balance at 1 August 2018	62,265	(58,223)	4,042
Loss for the financial period	-	(536)	(536)
Balance at 31 October 2018	62,265	(58,759)	3,506

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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

(A) Changes in share capital of the Company during the financial period

Financial period	Number of ordinary shares	Share capital
		(S\$'000)
As at 31 July 2019	536,670,246	62,650
As at 31 October 2019	536,670,246	62,650

(B) Warrants

Financial period	Number of ordinary shares that may be issued on conversion of all outstanding warrants	Exercise price
As at 31 October 2018	195,068,620	S\$0.04
As at 31 October 2019	-	-

All outstanding warrants of the Company has expired on 4 June 2019 and there were no warrants conversion since 31 October 2018 till then.

Save as disclosed above, there were no other outstanding convertibles, treasury shares and subsidiary holdings held or issued as at 31 October 2018 and 31 October 2019.

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.

	Group	
	31/10/2019	31/7/2019
Total number of issued shares excluding treasury shares	536,670,246	536,670,246

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

There were no sales, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfer, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed by the auditors of the Company.

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 below, there were no changes in accounting policies and methods of computation adopted in the financial statements of the Group for the current financial period ended 31 October 2019 compared to the most recently audited financial statements of the Group for the financial year ended 31 July 2019.

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.**

Singapore listed companies are required to apply a new financial reporting framework - Singapore Financial Reporting Framework (International) ("SFRS(I)") that is identical to the International Financial Reporting Standards with effect from 1 January 2018. The Group has adopted SFRS(I) on 1 August 2018, including Interpretations of SFRS(I). In addition, the Group has adopted the applicable new / revised SFRS(I) and Interpretations of SFRS(I), including SFRS(I) 16. Save for the adoption of SFRS(I) 16, the adoption of these new / revised SFRS(I) and Interpretations of SFRS(I) did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results for the current financial period.

SFRS(I) 16 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short-term leases entered into by lessees can be exempted from the new recognition criteria. The Group elected to use the exemption proposed by the standard on lease contracts for which the underlying asset is of low value and where the lease is short-term. The Group also elected not to recognise right-of-use assets and lease liabilities of leases for which the lease term ends within 12 months as of 1 August 2019. In the determination of the lease term as a lessee, the Group applied the practical expedient to use hindsight for contracts which contains options to extend or terminate the lease. The effects of adopting SFRS(I) 16 resulted in the recognition of right-of-use assets and corresponding lease liabilities on 31 October 2019 of S\$3.7 million for 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.**

	Group	
	3 months ended 31 October	
	2019	2018
Loss per share ("LPS") for the financial period attributable to the owners of the Company:		
Weighted average number of ordinary shares	536,670,246	456,655,522
Based on the weighted average number of ordinary shares	(0.11)	(0.23)
- Basic & Diluted (cents)		

Diluted LPS is the same as basic LPS as the outstanding warrants have not been included in the calculation given that they are anti-dilutive.

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	
	31/10/2019	31/7/2019	31/10/2019	31/7/2019
Net (liabilities)/assets value (attributable to the owners of the Company) per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on (cents)	(0.10)	0.01	0.43	0.50

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.**

Review of Income Statement

Revenue

The Group achieved a revenue of S\$1.5 million for the financial period ended 31 October 2019 ("Q1FY2020"), which saw an increase of S\$0.4 million compared to the prior financial period ended 31 October 2018 ("Q1FY2019").

Revenue	Q1FY2020	Contribution	Group Q1FY2019	Contribution	Increase / (Decrease)
	S\$'000	%	S\$'000	%	%
Food and beverage revenue	974	63%	309	27%	>100%
Travel booking service revenue	564	37%	835	73%	(32%)
	1,538	100%	1,144	100%	34%

The increase in revenue was mainly due to increase in food and beverage ("F&B") revenue of S\$0.7 million, partially offset by the decrease in travel booking service revenue of S\$0.3 million.

The increase in F&B revenue was mainly due to the revenue contribution of S\$0.5 million from Hashida Sushi restaurant in Singapore and S\$0.3 million from Sushi Nagai San Francisco. Revenue contributed by Mulligans Pattaya in Thailand of S\$0.2 million, dropped by S\$0.1 million due to more competitive environment. Our F&B division has been continuously rolling out new marketing and promotion activities to attract customers.

The decrease in travel booking service revenue was mainly due to slowdown of the travel business industry and more competitive environment in Japan.

Cost & expenses

Inventories and consumables used expenses saw an increase of S\$0.2 million or 132%, consistent with the increase in the Group's revenue, mainly contributed by the increased sales activities of Hashida Sushi restaurant in Singapore and Sushi Nagai San Francisco restaurant in Q1FY2020.

Travel booking services costs saw a decrease of S\$0.2 million or 27% mainly due to lower sales in Q1FY2020.

Employee benefits decreased by S\$0.1 million or 11% mainly due to a 40% reduction in the number of headcount for travel booking services sector in Q1FY2020.

The increase in amortisation and depreciation charges of S\$0.3 million or 400% mainly due to the depreciation of additional fixed assets purchased for Hashida Sushi restaurant in Singapore and Sushi Nagai San Francisco restaurant as well as the depreciation of right-of use assets arising from the adoption of the new SFRS(I) 16 in Q1FY2020.

Finance cost incurred in Q1FY2020 is due to the adoption of the new SFRS(I) 16 on the lease.

There was no operating lease expenses in Q1FY2020 mainly due to the reclassification of short-term rental payment of two subsidiaries, e-Holidays Co., Ltd., and Mulligan Pattaya arising from the adoption of the new SFRS(I) 16.

Legal and professional fees saw a decrease of S\$0.1 million or 55% mainly due to absence of professional and legal fees incurred for Fintech business and F&B business expansion which was incurred in Q1FY2019.

The Group registered a net loss of S\$0.7 million in Q1FY2020 as compared to a net loss of S\$1.1 million in Q1FY2019 as a result of higher revenue generated and reduction in various expenses, partly attributable to cost reduction measurement taken by the Group in Q1FY2020.

Review of Statement of Financial Position

Current assets

The Group's current assets decreased by S\$0.4 million, from S\$1.3 million as at 31 July 2019 to S\$0.9 million as at 31 October 2019. This was mainly a result of the decrease in cash and cash equivalents of S\$0.2 million. Trade and other receivables also decreased by S\$0.2 million mainly due to decrease in advances paid to suppliers of travel business.

Non-current assets

The Group's non-current assets increased by S\$3.4 million, from S\$2.5 million as at 31 July 2019 to S\$5.9 million as at 31 October 2019. This was mainly due to recognition of right of use asset of S\$3.7 million in Q1FY2020 arising from the adoption of the new SFRS(I) 16, partially offset by the depreciation of S\$0.4 million.

Current liabilities

The Group's current liabilities increased by S\$0.8 million, from S\$3.3 million as at 31 July 2019 to S\$4.1 million as at 31 October 2019 due to recognition of lease liabilities S\$0.8 million arising from the adoption of the new SFRS(I) 16.

Non-current liabilities

The Group's non-current liabilities is stood at S\$2.9 million as at 31 October 2019 due to recognition of lease liabilities arising the adoption of the new SFRS(I) 16.

Equity

The Group's equity decreased by S\$0.7 million, from S\$0.4 million as at 31 July 2019 to a deficit position of S\$0.3 million as at 31 October 2019. The decrease was due to the net loss of S\$0.7 million recorded by the Group.

Working capital

The Group is in a net current liabilities position of S\$3.2 million and net liabilities position of S\$0.3 million as at 31 October 2019. Notwithstanding this, the Board believes that barring any unforeseen circumstances, the Group will be able to meet its short-term obligations as and when they fall due and continue as a going concern, after taking into consideration that Bounty Blue Capital Ltd ("Bounty Blue"), the controlling shareholder of the Company, had extended an interest free loan of S\$2.2 million to the Group for working capital purposes as at 31 October 2019, and has undertaken not to call for repayment until the Group has sufficient additional working capital. In addition, Bounty Blue has undertaken to provide further financial support if the need arises to enable the Group to continue operations for at least the next 12 months from 31 October 2019.

Review of Statement of Cash Flows

The Group's net cash flows used in operating activities in Q1FY2020 was S\$0.3 million, mainly due to operating cash outflows before working capital of S\$0.3 million and working capital inflow of S\$69,000. This is mainly due to the Group being in the business expansion phase.

The Group's net cash flows used in investing activities in Q1FY2020 was S\$3.7 million, mainly due to to recognition of right of use asset of S\$3.7 million in Q1FY2020 arising from the adoption of the new SFRS(I) 16 and the purchase of plant and equipment for the setup of new restaurant in San Francisco of approximately S\$33,000.

The Group's net cash flows used in financing activities in Q1FY2020 was S\$3.8 million, due to the lease liabilities of S\$3.7 million in Q1FY2020 arising from the adoption of the new SFRS(I) 16.

As a result, cash and cash equivalents stood at S\$0.1 million as at 31 October 2019.

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

Not applicable.

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 continues to remain cautious about the outlook and condition of the overall business environment in the travel and F&B industries. The Board is mindful of the intense competition of these industries, tight labour supply and increasing costs.

The Group will continue to explore new business opportunities as well as controlling its costs to improve operational efficiency. On 27 November 2019, the Group obtained shareholders' approval to expand into new import and distribution businesses for raw foods, canned or processed foods and lifestyle, health and wellness products. The Group will update the shareholders as and when there are material developments on such businesses.

The Group will continue to seek opportunities to expand its presence by way of acquisitions and forming new joint-ventures with potential partners. In addition to Hashida Sushi restaurant in Singapore which was opened in Q1FY2019, another new high-end sushi restaurant in San Francisco, which we partnered with Capital Square Co., Ltd. via a joint venture agreement, namely Sushi Nagai San Francisco had held its soft launch in May 2019. Official grand opening event of Sushi Nagai is happening now from 10 to 14 December 2019. The Group is also looking to open more high-end Japanese restaurants overseas in the near future.

The Group put into effort to maintain its travel business by focusing on inbound domestic tours in Japan, especially in light of the Tokyo Olympic Game. Cost reduction measurement has been in place since August 2019 for this business segment as well.

The suspension of the fintech business shall continue.

The Company may explore fundraising exercises, including rights issues, to strengthen its cash position for future business expansions.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended for the financial period under review in view of the negative earnings.

13. If the group has obtained mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate for interested person transactions. There were no interested person transactions which amounted to more than S\$100,000 during Q1FY2020.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers, in the format as set out in Appendix 7H pursuant to Rule 720(1) of the Catalist Rules.

15. Negative Confirmation pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for Q1FY2020 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

Saito Hiroyuki
Executive Chairman / CEO

11 December 2019

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.