

Unaudited Financial Statements and Dividend Announcement for the Six-Month Period Ended 30 September 2018

PART I – INFORMATION REQUIRED FOR THE SECOND QUARTER ANNOUNCEMENT

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

1(a)(i) Consolidated Statement of Comprehensive Income

	Group			Group		
	2Q ¹ 2018/2019	2Q 2017/2018	Increase/ (Decrease)	1H ² 2018/2019	1H 2017/2018	Increase/ (Decrease)
	(Unaudited) \$'000	(Unaudited) \$'000	%	(Unaudited) \$'000	(Unaudited) \$'000	%
Revenue	42,023	45,285	-7.2%	80,660	85,928	-6.1%
Other items of income						
Interest income	-	98	-100.0%	43	131	-67.2%
Other income	480	430	11.6%	846	918	-7.8%
Items of expense						
Purchases and consumables used	(17,620)	(23,241)	-24.2%	(34,980)	(42,434)	-17.6%
Changes in inventories	50	(3)	N.M. ³	77	(339)	N.M.
Delivery expenses	(885)	(708)	25.0%	(1,652)	(1,417)	16.6%
Employee benefits expense	(13,051)	(12,005)	8.7%	(25,431)	(23,466)	8.4%
Depreciation and amortisation expenses	(2,165)	(2,203)	-1.7%	(4,289)	(4,376)	-2.0%
Advertising expenses	(871)	(978)	-10.9%	(1,852)	(1,813)	2.2%
Operating lease expenses	(1,842)	(2,554)	-27.9%	(3,702)	(4,939)	-25.0%
Utilities	(1,522)	(1,376)	10.6%	(2,904)	(2,683)	8.2%
Other expenses	(3,470)	(2,907)	19.4%	(6,268)	(5,816)	7.8%
Finance costs	(608)	(676)	-10.1%	(1,257)	(1,199)	4.8%
Profit/(Loss) before income tax	519	(838)	N.M.	(709)	(1,505)	-52.9%
Income tax expense	(124)	(48)	158.3%	(176)	(188)	-6.4%
Profit/(Loss) for the financial period	395	(886)	N.M.	(885)	(1,693)	-47.7%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from translation of foreign operation	70	(6)	N.M.	107	(72)	N.M.
Gain/(Loss) on fair value changes of FVOCI	-	18	-100.0%	(117)	68	N.M.
Income tax relating to items that may be reclassified subsequently	-	-	N.M.	-	-	N.M.
Other comprehensive income for the financial period, net of tax	70	12	483.3%	(10)	(4)	150.0%
Total comprehensive income for the financial period	465	(874)	N.M.	(895)	(1,697)	-47.3%

¹ "2Q" denotes financial period from 1 July to 30 September

² "1H" denotes financial period from 1 April to 30 September

³ "N.M." denotes not meaningful

1(a)(i) Consolidated Statement of Comprehensive Income (continued)

	Group			Group		
	2Q 2018/2019	2Q 2017/2018	Increase/	1H 2018/2019	1H 2017/2018	Increase/
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(Loss) attributable to:						
Owners of the parent	584	(546)	N.M.	(236)	(1,198)	-80.3%
Non-controlling interests	(189)	(340)	-44.4%	(649)	(495)	31.1%
	<u>395</u>	<u>(886)</u>	N.M.	<u>(885)</u>	<u>(1,693)</u>	-47.7%
Total comprehensive income						
Owners of the parent	625	(531)	N.M.	(293)	(1,170)	-75.0%
Non-controlling interests	(160)	(343)	-53.4%	(602)	(527)	14.2%
	<u>465</u>	<u>(874)</u>	N.M.	<u>(895)</u>	<u>(1,697)</u>	-47.3%

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

Profit/(Loss) for the financial period is arrived at after crediting/(charging) the following:

	Group			Group		
	2Q 2018/2019	2Q 2017/2018	Increase/	1H 2018/2019	1H 2017/2018	Increase/
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	-	98	-100.0%	43	131	-67.2%
Dividend income	11	11	N.M.	34	45	-24.4%
Government grants	138	86	60.5%	192	246	-22.0%
Rental income	124	124	N.M.	249	253	-1.6%
Bad third parties trade receivables written off	-	(3)	-100.0%	(3)	(3)	N.M.
Reversal of allowance of impairment loss	60	-	N.M.	74	-	N.M.
Depreciation of property, plant and equipment	(2,083)	(2,119)	-1.7%	(4,132)	(4,206)	-1.8%
Depreciation of investment properties	(12)	(11)	9.1%	(24)	(23)	4.3%
Amortisation of intangible assets	(70)	(73)	-4.1%	(133)	(147)	-9.5%
Foreign exchange loss, net	(237)	(3)	N.M.	(277)	(111)	149.5%
Inventories written down	(7)	-	N.M.	(7)	-	N.M.
Gain on disposal of property, plant and equipment	2	-	N.M.	2	-	N.M.
Plant and equipment written off	(2)	(21)	-90.5%	(16)	(26)	-38.5%
Finance costs	(608)	(676)	-10.1%	(1,257)	(1,199)	4.8%

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.

1(b)(i) Statements of Financial Position

	Group		Company	
	As at		As at	
	30/9/2018 (Unaudited) \$'000	31/3/2018 (Audited) \$'000	30/9/2018 (Unaudited) \$'000	31/3/2018 (Audited) \$'000
ASSETS				
Current assets				
Inventories	11,782	9,569	-	-
Trade and other receivables	24,608	22,719	3,926	2,765
Prepayments	449	568	23	30
Cash and cash equivalents	12,602	13,733	761	330
Total current assets	49,441	46,589	4,710	3,125
Non-current assets				
Property, plant and equipment	79,273	81,512	4	5
Investment properties	1,178	1,202	-	-
Intangible assets	15,740	14,022	6	8
Investments in subsidiaries	-	-	31,005	29,220
Other receivables	3,227	3,175	1,851	1,851
FVOCI	675	792	675	792
Advances	3,509	-	3,509	-
Total non-current assets	103,602	100,703	37,050	31,876
TOTAL ASSETS	153,043	147,292	41,760	35,001
EQUITY				
Capital and reserves				
Share capital	8,256	7,899	8,256	7,899
Merger and capital reserves	179	179	-	-
Fair value reserve	45	162	45	162
Foreign currency translation reserve	308	248	-	-
Retained earnings	25,154	26,849	1,127	1,377
Equity attributable to owners of the parent	33,942	35,337	9,428	9,438
Non-controlling interests	3,652	4,076	-	-
TOTAL EQUITY	37,594	39,413	9,428	9,438

1(b)(i) Statements of Financial Position (Continued)

	Group		Company	
	As at		As at	
	30/9/2018 (Unaudited) \$'000	31/3/2018 (Audited) \$'000	30/9/2018 (Unaudited) \$'000	31/3/2018 (Audited) \$'000
LIABILITIES				
Current liabilities				
Trade and other payables	26,804	23,948	3,850	2,590
Provisions	374	368	-	-
Bank borrowings	32,593	32,164	671	-
Finance lease payables	1,586	1,505	-	-
Income tax payable	874	991	-	-
Total current liabilities	62,231	58,976	4,521	2,590
Non-current liabilities				
Other payables	1,855	1,855	24,973	22,973
Bank borrowings	45,144	40,686	2,838	-
Finance lease payables	2,995	3,167	-	-
Deferred tax liabilities	3,224	3,195	-	-
Total non-current liabilities	53,218	48,903	27,811	22,973
TOTAL LIABILITIES	115,449	107,879	32,332	25,563
TOTAL EQUITY AND LIABILITIES	153,043	147,292	41,760	35,001

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

Amount repayable in one year or less, or on demand	As at 30/9/2018 (Unaudited) \$'000		As at 31/3/2018 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
	Bank borrowings	14,321	18,272	15,374
Finance lease payables	1,586	-	1,505	-
Amount repayable after one year	As at 30/9/2018 (Unaudited) \$'000		As at 31/3/2018 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
	Bank borrowings	43,398	1,746	38,611
Finance lease payables	2,995	-	3,167	-

Details of any collateral:

As at 30 September 2018, the Group's borrowings comprised of bank borrowings and finance lease payables.

Bank borrowings

Bank borrowings of \$14.32 million repayable within one year or less or on demand, and \$43.40 million repayable after one year are both secured by the legal mortgage in favour of the banks over the following properties at:

- (i) 6A Wan Lee Road;
- (ii) 1, 3, 5, 7 & 9 Enterprise Road;
- (iii) 30B Quality Road;
- (iv) 14 Joo Koon Circle;
- (v) 50 Tuas Avenue 11 #02-12;
- (vi) 16 Jalan Kilang Timor #03-07;
- (vii) 22 Senoko Way;
- (viii) 6 & 8 Jalan Istimewa 8, Ulu Tiram, Johor, Malaysia; and
- (ix) 3343 Jalan Pekeliling Tanjung 27, Kulai, Johor, Malaysia.

The remaining bank borrowings of \$18.27 million repayable within one year or less or on demand are unsecured, and \$1.75 million repayable after one year are unsecured.

Finance lease payables

The Group's obligations under finance leases of \$1.59 million repayable within one year or less or on demand, and \$3.00 million repayable after one year are secured by the leased assets.

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.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	2Q 2018/2019	2Q 2017/2018	1H 2018/2019	1H 2017/2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit/(Loss) before income tax	519	(838)	(709)	(1,505)
Adjustments for:				
Bad third parties trade receivables written off	-	3	3	3
Reversal of allowance for impairment loss	(60)	-	(74)	-
Depreciation and amortisation expenses	2,165	2,203	4,289	4,376
Dividend income	(11)	(11)	(34)	(45)
Interest expense	608	676	1,257	1,199
Interest income	-	(98)	(43)	(131)
Inventories written down	7	-	7	-
Gain on disposal of property, plant and equipment	(2)	-	(2)	-
Plant and equipment written off	2	21	16	26
Operating cash flows before working capital changes	3,228	1,956	4,710	3,923
Working capital changes:				
Inventories	(1,205)	5,070	(2,238)	1,423
Trade and other receivables	(1,068)	2,116	(1,703)	821
Prepayments	74	(149)	119	(290)
Trade and other payables	2,997	(1,272)	2,413	(1,126)
Provisions	(11)	(16)	(42)	(14)
Cash generated from operations	4,015	7,705	3,259	4,737
Income tax paid	(334)	(296)	(287)	(288)
Net cash from operating activities	3,681	7,409	2,972	4,449
Investing activities				
Acquisition of a subsidiary, net of cash used	(1,242)	-	(1,242)	102
Purchase of property, plant and equipment	(533)	(4,543)	(1,211)	(7,531)
Purchase of intangible assets	(30)	(167)	(211)	(187)
Proceeds from disposal of property, plant and equipment	33	36	34	71
Interest received	-	98	43	131
Dividend received	11	11	34	45
Advances	(3,509)	-	(3,509)	-
Net cash used in investing activities	(5,270)	(4,565)	(6,062)	(7,369)

1(c) Consolidated Statement of Cash Flows (Continued)

	Group		Group	
	2Q 2018/2019	2Q 2017/2018	1H 2018/2019	1H 2017/2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Financing activities				
Drawdown of bank borrowings	15,621	15,309	26,170	30,278
Loan from a director	997	997	497	997
Loan from a related party	-	300	-	300
Repayment of bank borrowings	(11,333)	(15,036)	(21,616)	(26,509)
Repayment of finance lease payables	(392)	(492)	(804)	(1,051)
Dividends paid	(1,459)	(1,459)	(1,459)	(1,459)
Interest paid	(608)	(676)	(1,257)	(1,199)
Net cash from/(used in) financing activities	2,826	(1,057)	1,531	1,357
Net change in cash and cash equivalents	1,237	1,787	(1,559)	(1,563)
Effect of foreign exchange rate changes on cash and cash equivalents	(138)	(7)	7	5
Cash and cash equivalents at beginning of financial period	8,265	5,828	10,916	9,166
Cash and cash equivalents at end of financial period	9,364	7,608	9,364	7,608
Cash and cash equivalents comprise:			Group	
			As at	
			30/9/2018	30/9/2017
			(Unaudited)	(Unaudited)
			\$'000	\$'000
Cash on hand and at bank			12,194	9,899
Fixed deposits			408	377
Cash and cash equivalents as per statement of financial position			12,602	10,276
Less: Fixed deposits pledged			(226)	(226)
Less: Bank overdraft			(3,012)	(2,442)
Cash and cash equivalents as per consolidated statement of cash flows			9,364	7,608

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

1(d)(i) Statements of Changes in Equity

Group	Share capital \$'000	Merger and capital reserves \$'000	Fair value reserve \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Total equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
(Unaudited)								
Balance at 1 April 2018	7,899	179	162	248	26,849	35,337	4,076	39,413
Loss for the financial period	-	-	-	-	(236)	(236)	(649)	(885)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	60	-	60	47	107
Loss on fair value changes of FVOCI	-	-	(117)	-	-	(117)	-	(117)
Total comprehensive income for the financial period	-	-	(117)	60	(236)	(293)	(602)	(895)
Transactions with non-controlling interests:								
Acquisition of subsidiary	357	-	-	-	-	357	178	535
Total transactions with non-controlling interests	357	-	-	-	-	357	178	535
Distributions to owners of the parent:								
Dividends	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Total transactions with owners of the parent	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Balance at 30 September 2018	8,256	179	45	308	25,154	33,942	3,652	37,594

1(d)(i) Statements of Changes in Equity (Continued)

Group	Share capital \$'000	Merger and capital reserves \$'000	Fair value reserve \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Total equity attributable to owners of the parent \$'000	Non- controlling interests \$'000	Total equity \$'000
(Unaudited)								
Balance at 1 April 2017	7,899	179	-	405	24,678	33,161	4,350	37,511
Loss for the financial year	-	-	-	-	(1,198)	(1,198)	(495)	(1,693)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	(40)	-	(40)	(32)	(72)
Gain on fair value changes of FVOCI	-	-	68	-	-	68	-	68
Total comprehensive income for the financial period	-	-	68	(40)	(1,198)	(1,170)	(527)	(1,697)
Transactions with non-controlling interests:								
Acquisition of subsidiary	-	-	-	-	-	-	435	435
Total transactions with non-controlling interests	-	-	-	-	-	-	435	435
Distributions to owners of the parent:								
Dividends	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Total transactions with owners of the parent	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Balance at 30 September 2017	7,899	179	68	365	22,021	30,532	4,258	34,790

1(d)(i) Statements of Changes in Equity

Company	Share capital \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total equity attributable to owners \$'000
(Unaudited)				
Balance at 1 April 2018	7,899	162	1,377	9,438
Profit for the financial year	-	-	1,209	1,209
Other comprehensive income:				
Loss on fair value changes of FVOCI	-	(117)	-	(117)
Total comprehensive income for the financial year	-	(117)	1,209	1,092
Transactions with non-controlling interests:				
Acquisition of subsidiary	357	-	-	357
Total transactions with non-controlling interests	357	-	-	357
Distribution to owners:				
Dividends	-	-	(1,459)	(1,459)
Total transactions with owners	-	-	(1,459)	(1,459)
Balance at 30 September 2018	8,256	45	1,127	9,428
(Unaudited)				
Balance at 1 April 2017	7,899	-	2,519	10,418
Profit for the financial year	-	-	193	193
Other comprehensive income:				
Gain on fair value changes of FVOCI	-	68	-	68
Total comprehensive income for the financial year	-	68	193	261
Distribution to owners:				
Dividends	-	-	(1,459)	(1,459)
Total transactions with owners	-	-	(1,459)	(1,459)
Balance at 30 September 2017	7,899	68	1,253	9,220

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 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.

	Number of Ordinary Shares	Issued and Paid-up \$
Balance as at 1 April 2018	145,907,100	7,899,133
Issue of ordinary shares pursuant to the completion of the acquisition of Lavish Dine Catering Pte Ltd in September 2018	566,666	357,000
Balance as at 30 September 2018	146,473,766	8,256,133

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 September 2018 and 30 September 2017.

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

	Company As at	
	30/9/2018	31/3/2018
Total number of issued shares excluding treasury shares	146,473,766	145,907,100

There were no treasury shares as at 30 September 2018 and 31 March 2018.

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.

Not applicable as the Company did not hold any treasury shares.

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.

Not applicable as the Company did not hold any subsidiary holdings.

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 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.

The financial results for the current period have been prepared using the same accounting policies and methods of computation as presented in the Group's most recently audited financial statements for the financial year ended 31 March 2018.

In preparing this announcement, the management of the Company has assessed the fair value of the net identifiable assets and liabilities of Lavish Dine Catering Pte Ltd and its subsidiary on a provisional basis and are subject to change. In accordance with FRS 103 Business Combinations, the Group is required to perform a purchase price allocation exercise within 12 months after completion of the acquisition to assess the fair value of the net identifiable assets and liabilities purchased by the Group, and the excess of the consideration transferred over such fair values will be recorded as actual goodwill in the Group's statement of financial position which is subject to impairment test annually or more frequent if there are indicators of impairment.

5. If there were 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 SFRS(I) on 1 April 2018 and has prepared its first set of financial information under SFRS(I) for the financial period ended 30 September 2018. The Group has consistently applied the same accounting policies in its opening SFRS(I) statement of financial position as at 1 April 2018 and throughout the comparable periods presented, as if these policies had always been in effect. In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) and new SFRS(I), amendments to and interpretation of SFRS(I) that are effective from 1 April 2018. The transition to SFRS(I) did not have any significant impact to the Group.

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

Earnings per share ("EPS")	Group	
	1H 2018/2019 (Unaudited)	1H 2017/2018 (Unaudited)
Loss attributable to owners of the parent (\$'000)	(236)	(1,198)
Weighted average/Actual number of ordinary shares ⁽¹⁾	145,972,127	145,907,100
Basic and diluted EPS based on weighted average/actual number of ordinary shares (cents) ⁽²⁾	(0.16)	(0.82)

Notes:

- (1) Basic EPS is computed by dividing the loss attributable to owners of the parent in each financial period by the weighted average/actual number of issued ordinary shares outstanding during the respective financial periods.
- (2) Diluted EPS is the same as the basic EPS for all the periods under review as the Company did not have any outstanding instruments convertible into rights or subscribe for, and options in respect of its ordinary shares during the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of
 (a) current period reported on; and
 (b) immediately preceding financial year

Net asset value ("NAV")	Group		Company	
	As at		As at	
	30/9/2018 (Unaudited)	31/3/2018 (Audited)	30/9/2018 (Unaudited)	31/3/2018 (Audited)
NAV (\$'000)	33,942	35,337	9,428	9,438
Number of ordinary shares	146,473,766	145,907,100	146,473,766	145,907,100
NAV per ordinary share (cents)	23.17	24.22	6.44	6.47

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 period reported on.

Review of Financial Performance

For management reporting purposes, the Group is organised into business units based on its services, and has five reportable operating segments as follows:

- (i) “Food Catering business” – Provides events catering services under ten catering brands to corporate, community or private functions. Food Catering business segment also provides daily meal delivery services to families, Halal-certified food as well as catering for last minute events or emergency orders.
- (ii) “Food Retail business” – Operates a chain of food retail outlets specialising in Japanese cuisine.
- (iii) “Food Manufacturing business” – Manufactures, distributes and retails surimi-based seafood products and the “DoDo” brand of fishballs.
- (iv) “Supplies and Trading business” – Supplies food ingredients used in Food Catering business and Food Retail business and the supply of food products for third parties’ catering business. Supplies and Trading business segment also imports, exports and wholesale fruits, vegetables and frozen meat to a wide customer base.
- (v) “Other businesses” – Involves in the design, marketing and distribution of floral arrangements, gifts and hampers and manufacturing of bread, cakes and confectionery.

2Q 2018/2019 compared to 2Q 2017/2018

The Group registered \$42.02 million in revenue for the quarter ended 30 September 2018 (“**2Q 2018/2019**”) as compared to \$45.29 million in the previous corresponding quarter ended 30 September 2017 (“**2Q 2017/2018**”). The decrease was approximately \$3.27 million or 7.2%.

Food Catering business revenue increased by \$3.12 million or 20.7% from \$15.05 million in 2Q 2017/2018 to \$18.17 million in 2Q 2018/2019. The increase was mainly due to the strengthening in our recurring income from childcare market segment by Gourmetz Pte Ltd, and ramping up our “tingkat” business from newly incorporated subsidiaries, Kim Paradise Pte Ltd and Savoury Catering Pte Ltd, established in January and March 2018 respectively, as well as revenue contribution from our newly acquired subsidiary, Lavish Dine Catering Pte Ltd in September 2018.

Food Retail business revenue decreased marginally by \$0.08 million or 1.9% from \$4.26 million in 2Q 2017/2018 to \$4.18 million in 2Q 2018/2019. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue increased by \$0.69 million or 6.0% from \$11.39 million in 2Q 2017/2018 to \$12.08 million in 2Q 2018/2019. The increase was mainly due to an increase in trading activities during 2Q 2018/2019.

Supplies and Trading business revenue decreased significantly by \$7.04 million or 49.1% from \$14.34 million in 2Q 2017/2018 to \$7.30 million in 2Q 2018/2019. This was mainly attributable to an intentional reduction in low margin trading transactions.

Other businesses revenue increased by \$0.05 million or 20.5% from \$0.24 million in 2Q 2017/2018 to \$0.29 million in 2Q 2018/2019.

Other income was recorded at \$0.48 million in 2Q 2018/2019 as compared to \$0.43 million in 2Q 2017/2018. It increased by \$0.05 million or 11.6% mainly due to the increase in grants received from government of \$0.05 million during 2Q 2018/2019.

Review of Financial Performance (Continued)

Purchase and consumables decreased by \$5.62 million or 24.2% from \$23.24 million in 2Q 2017/2018 to \$17.62 million in 2Q 2018/2019. This decrease is in line with the decrease in our Group's revenue except for the decline in revenue generated from U-Market Place Enterprise Pte Ltd with a lower gross margin as compared to other business segments.

Employee benefits expense increased by \$1.04 million or 8.7% to \$13.05 million in 2Q 2018/2019 as compared to \$12.01 million in 2Q 2017/2018. This was mainly due to the consolidation of the additional headcount from the newly incorporated catering subsidiaries, Kim Paradise Pte Ltd and Savoury Catering Pte Ltd, as well as newly acquired catering subsidiaries, Lavish Dine Catering Pte Ltd.

Operating lease expenses decreased by \$0.71 million or 27.9% to \$1.84 million in 2Q 2018/2019 as compared to \$2.55 million in 2Q 2017/2018. This was mainly attributable to the reduction in rental of external cold room storage by U-Market Place Enterprise Pte Ltd due to the lower trading activities for frozen meat.

Other expenses increased by \$0.56 million or 19.4% to \$3.47 million in 2Q 2018/2019 as compared to \$2.91 million in 2Q 2017/2018. This was mainly due to increase in professional fees in relation to the professional services rendered for newly incorporated and acquired subsidiaries, property tax for vacant land at 30B Quality Road, upkeep of motor vehicles and foreign exchange loss () during 2Q 2018/2019.

As a result of the above review, the Group reported a net profit of \$0.40 million in 2Q 2018/2019 as compared to a net loss of \$0.89 million in 2Q 2017/2018. The profit attributable to the owners of the parent was recorded at \$0.58 million, while the loss attributable to non-controlling interests was recorded at \$0.19 million in 2Q 2018/2019.

Our earnings before interest, tax, depreciation and amortisation ("**EBITDA**") was increased by \$1.36 million or 70.1% from \$1.94 million in 2Q 2017/2018 to \$3.30 million in 2Q 2018/2019.

1H 2018/2019 compared to 1H 2017/2018

The Group registered \$80.66 million in revenue for the financial period ended 30 September 2018 ("**1H 2018/2019**") as compared to \$85.93 million in the previous corresponding financial period ended 30 September 2017 ("**1H 2017/2018**"). The decrease was approximately \$5.27 million or 6.1%.

Food Catering business revenue increased by \$4.55 million or 16.6% from \$27.47 million in 1H 2017/2018 to \$32.02 million in 1H 2018/2019. The increase was mainly due to the strengthening in our recurring income from childcare market segment by Gourmetz Pte Ltd, and ramping up our "tingkat" business from newly incorporated subsidiaries, Kim Paradise Pte Ltd and Savoury Catering Pte Ltd, established in January and March 2018 respectively, as well as revenue contribution from our newly acquired subsidiary, Lavish Dine Catering Pte Ltd in September 2018.

Food Retail business revenue decreased by \$0.25 million or 3.0% from \$8.42 million in 1H 2017/2018 to \$8.17 million in 1H 2018/2019. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue increased by \$1.00 million or 4.4% from \$22.80 million in 1H 2017/2018 to \$23.80 million in 1H 2018/2019. The increase was mainly due to increase in trading activities during 1H 2018/2019.

Supplies and Trading business revenue decreased significantly by \$10.65 million or 39.8% from \$26.77 million in 1H 2017/2018 to \$16.12 million in 1H 2018/2019. This was mainly attributable to an intentional reduction in low margin trading transactions.

Other businesses revenue increased by \$0.08 million or 15.7% from \$0.47 million in 1H 2017/2018 to \$0.55 million in 1H 2018/2019.

Other income was recorded at \$0.85 million in 1H 2018/2019 as compared to \$0.92 million in 1H 2017/2018. It was decreased by \$0.07 million or 7.8% mainly due to the reduction in grants received from government of \$0.06 million during 1H 2018/2019.

Review of Financial Performance (Continued)

Purchase and consumables decreased by \$7.45 million or 17.6% from \$42.43 million in 1H 2017/2018 to \$34.98 million in 1H 2018/2019. This decrease is in line with the decrease in our Group's revenue except for the decline in revenue generated from U-Market Place Enterprise Pte Ltd with a lower gross margin as compared to other business segments.

Employee benefits expense increased by \$1.96 million or 8.4% to \$25.43 million in 1H 2018/2019 as compared to \$23.47 million in 1H 2017/2018. This was mainly due to the consolidation of the additional headcount from the newly incorporated catering subsidiaries, Kim Paradise Pte Ltd and Savoury Catering Pte Ltd, as well as newly acquired catering subsidiaries, Lavish Dine Catering Pte Ltd.

Operating lease expenses decreased by \$1.24 million or 25.0% to \$3.70 million in 1H 2018/2019 as compared to \$4.94 million in 1H 2017/2018. This was mainly attributable to the reduction in rental of external cold room storage by U-Market Place Enterprise Pte Ltd due to the lower trading activities for frozen meat.

Other expenses increased by \$0.45 million or 7.8% to \$6.27 million in 1H 2018/2019 as compared to \$5.82 million in 1H 2017/2018. This was mainly due to increase in professional fees in relation to the professional services rendered for those newly incorporation and acquisition of subsidiaries, property tax for vacant land at 30B Quality Road, upkeep of motor vehicles and foreign exchange loss during 1H 2018/2019.

Due to the seasonality effect, the Group's performance would usually be more subdued during the first half as compared to second half of the financial year. Nonetheless, the Group's net loss was improved by \$0.80 million or 47.7% to \$0.89 million in 1H 2018/2019 as compared to \$1.69 million in 1H 2017/2018. The loss attributable to the owners of the parent was recorded at \$0.24 million, while the loss attributable to non-controlling interests was recorded at \$0.65 million in 1H 2018/2019.

Our EBITDA was increased by \$0.86 million or 21.8% from \$3.94 million in 1H 2017/2018 to \$4.80 million in 1H 2018/2019.

Review of Financial Position

The Group's current assets increased by \$2.85 million from \$46.59 million as at 31 March 2018 to \$49.44 million as at 30 September 2018. The Group's inventories increased by \$2.21 million mainly due to the Group maintaining a higher inventory level to cope with the upcoming festive seasons in second half of the financial year. The Group's trade and other receivables increased by \$1.89 million, whilst cash and cash equivalents decreased by \$1.13 million.

The Group's non-current assets increased by \$2.90 million from \$100.70 million as at 31 March 2018 to \$103.60 million as at 30 September 2018 was primarily due to the Group recognising a provisional goodwill of \$1.79 million upon the acquisition of Lavish Dine Catering Pte Ltd and its subsidiary as well as advances of \$3.51 million being the timing difference between the disbursement of acquisition loan for Ye Liang How Catering Service Pte Ltd by a bank which was held by the Company in September 2018 and the transaction being completed subsequently on 1 October 2018. This is offset by the decrease in property, plant and equipment of \$2.24 million which mainly due to the depreciation charged during 1H 2018/2019.

The Group's current liabilities increased by \$3.25 million from \$58.98 million as at 31 March 2018 to \$62.23 million as at 30 September 2018. This was mainly attributable to an increase in trade and other payables of \$2.85 million. The Group's non-current liabilities increased by \$4.32 million from \$48.90 million as at 31 March 2018 to \$53.22 million as at 30 September 2018 was mainly due the early disbursement on the acquisition loan of \$3.51 million for Ye Liang How Catering Service Pte Ltd.

Review of Financial Position (Continued)

As at 30 September 2018, the Group was in a net current liability position of \$12.79 million, mainly due to the effects of drawdown of revolving short-term facilities, trade facilities from banks to support the operating activities in Supplies and Trading business and business expansion in Food Manufacturing business. However, the Group's total assets exceeded its total liabilities by approximately \$37.59 million. In assessing whether the Group can meet its debts obligations as and when they fall due, the management had prepared cash flow forecasts which was approved by the Board of Directors of the Company ("**Board**"). The cash flows were derived from the financial budgets and projections which indicate that the Group has sufficient cash and cash equivalents and adequate bank facilities to support the Group's operations and pay its debts as and when they fall due.

Barring unforeseen circumstances, the Board believes that the Group's negative working capital position would be overcome in the longer term as the Group realises the synergistic benefits of the acquisition of the Food Manufacturing business and Supplies and Trading business, as well as the new initiatives implemented to increase efficiency and productivity for the Group.

Review of Cash Flows

The Group's net cash from operating activities in 1H 2018/2019 was \$2.97 million, mainly resulted from operating cash flows before working capital changes of \$4.71 million. This is offset by an increase in net working capital usage of \$1.45 million and net income tax paid of \$0.29 million.

The increase in net working capital usage was mainly due to increase in inventories of approximately \$2.24 million and trade and other receivables of approximately \$1.70 million, which is offset by an increase in trade and other payables of approximately \$2.41 million.

The Group's net cash used in investing activities of \$6.06 million during 1H 2018/2019 was mainly due to the net of cash used of \$1.24 million for the acquisition of Lavish Dine Catering Pte Ltd and its subsidiary, payment to acquire plant and equipment of \$1.21 million in 1H 2018/2019 as well as advances of \$3.51 million for the acquisition of Ye Liang How Catering Service Pte Ltd.

The Group's net cash from financing activities of \$1.53 million during 1H 2018/2019 was mainly due to the drawdown of bank borrowings of \$26.17 million, which was offset by the repayment of bank borrowings of \$21.62 million, dividend payment of \$1.46 million and interest payment of \$1.26 million in 1H 2018/2019.

As a result of the above, the net decrease in cash and cash equivalents during 1H 2018/2019 was \$1.56 million.

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

The Group's profitability for the full financial year ending 31 March 2019, as contained in Paragraph 10 of the Company's results announcement for the three-month period ended 30 June 2018 on 7 August 2018, remain unchanged.

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 Food Catering business would continue to focus on widening and strengthening its recurring income streams and capturing a larger market share by pursuing more institutional catering, corporate clients and venue partnerships as well as expand the range of cuisines and catering options available to customers via suite of brands.

The Food Retail business would continue to perform business review to enhance its performance.

The Food Manufacturing business would continue to tap on the Group's global distribution network to ramp up the export sales as well as perform R&D to develop new and improved products for the Group. Meanwhile, the Supplies and Trading business would continue to contribute positively to the Group.

Barring any unforeseen circumstances, the Company expects the Group's operations to remain profitable for the financial year ending 31 March 2019.

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. 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).

Not applicable

d. The date the dividend is payable

Not applicable

e. Books closure date

Not applicable

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

There is no dividend declared in this quarter.

13. Interested person transactions

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Neo Kah Kiat		
(i) GUI Solutions Pte Ltd		
- Cost of goods and services purchased	155.3	-
- Rental and utilities income	12.0	-
(ii) Office premise lease expense ¹	49.2	-
Neo Kah Kiat and Liew Oi Peng		
(i) Office premise lease expense ²	97.5	-
(ii) Rental of hostel for staff welfare	6.0	-
(iii) Twinkle Investment Pte Ltd		
- Rental of yacht	120.0	-
- Office premise lease expense ³	51.1	-
- Interest expense	27.3	-

Notes:

The Group has not obtained any general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

- (1) The office premise lease expense paid to the Company's director, Neo Kah Kiat, in 1H 2018/2019 relates to #05-04 at Enterprise One amounting to approximately \$49,200. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).
- (2) The office premise lease expense paid to the Company's directors, Neo Kah Kiat and Liew Oi Peng, in 1H 2018/2019 relates to lease expense for #05-03 and #05-05 at Enterprise One amounting to approximately \$97,500. As the terms of the tenancy agreements for the office premises were supported by independent valuations and with lease period of 3 years, the leases thereunder are not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).
- (3) The office premise lease expense paid to the Twinkle Investment Pte Ltd, which is jointly owned by Neo Kah Kiat and Liew Oi Peng, in 1H 2018/2019 relates to lease expense for #05-06 at Enterprise One amounting to approximately \$51,100. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).

14. Negative assurance confirmation on interim financial results pursuant to Rule 705 (5) of the Catalist Rules

We, Neo Kah Kiat, and Liew Oi Peng, being two directors of Neo Group Limited (the “**Company**”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited consolidated financial statements of the Group for the six-month period ended 30 September 2018 to be false or misleading in any material aspect.

Neo Kah Kiat
Chairman and Chief Executive Officer

Liew Oi Peng
Executive Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive offices (in the format set out in Appendix 7H) under Rule 720 (1)

The Company hereby confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720 (1) of the Catalist Rules.

BY ORDER OF THE BOARD

Neo Kah Kiat
Chairman and Chief Executive Officer
8 November 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Mr. Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, telephone: +65 6337 5115.