



Kimly Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 201613903R)

Unaudited Financial Statements and Dividend Announcement
For the financial year ended 30 September 2017

Kimly Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 March 2017. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

Background

The Company was incorporated on 23 May 2016 in Singapore under the Singapore Companies Act as a company limited by shares under the name of "Kimly Pte. Ltd.". The Company was converted into a public limited company and renamed "Kimly Limited" on 3 February 2017.

The group comprising the Company and its subsidiaries (the "**Group**") was formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") undertaken as part of a corporate reorganisation implemented for the purposes of the Company's listing on Catalist. Please refer to the Company's offer document dated 8 March 2017 ("**Offer Document**") for further details on the Restructuring Exercise.

The Group is principally engaged in the operation and management of coffee shops, food courts and food stalls in Singapore under its two divisions, namely the outlet management division and the food retail division.

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

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

Combined Statements of Comprehensive Income

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	4Q FY2017 S\$'000	4Q FY2016 S\$'000		FY2017 S\$'000	FY2016 S\$'000	
Revenue	50,043	45,823	9.2	192,121	172,226	11.6
Cost of sales	(40,772)	(36,365)	12.1	(153,672)	(135,021)	13.8
Gross profit	9,271	9,458	(2.0)	38,449	37,205	3.3
Other item of income						
Interest income	84	-	N.M	108	-	N.M
Other operating income	922	1,423	(35.2)	3,027	3,566	(15.1)
Other items of expense						
Selling and distribution expenses	(941)	(896)	5.0	(3,205)	(2,829)	13.3
Administrative expenses	(3,356)	(4,520)	(25.8)	(13,041)	(11,859)	10.0
Interest expense	(291)	-	N.M	(408)	(2)	N.M.
Other operating expenses	(38)	(117)	(67.5)	(413)	(499)	(17.2)
Profit before tax	5,651	5,348	5.7	24,517	25,582	(4.2)
Income tax expense	(673)	(293)	129.7	(3,088)	(1,365)	126.2
Profit for the period, representing total comprehensive income for the period	4,978	5,055	(1.5)	21,429	24,217	(11.5)
Attributable to:						
Owners of the Company (Note 2)	4,978	2,509	98.4	21,429	12,174	76.0
Non-controlling interests	-	2,546	N.M	-	12,043	N.M
	4,978	5,055	(1.5)	21,429	24,217	(11.5)

Notes:

- (1) 4Q denotes financial period from 1 July to 30 September
- (2) Assuming the Restructuring Exercise had been completed on 1 October 2015, there would be no profit attributable to non-controlling interest and hence the profit attributable to owners of the Company for 4Q FY2016 and FY2016 would have been S\$5,055,000 and S\$24,217,000 respectively.
- (3) N.M denotes not meaningful

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

The Group's profit before tax was arrived at after charging the following:

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	4Q FY2017 S\$'000	4Q FY2016 S\$'000		FY2017 S\$'000	FY2016 S\$'000	
Amortisation of intangible assets	38	117	(67.5)	349	499	(30.1)
Depreciation of property, plant and equipment	521	348	49.7	1,948	1,442	35.1
Directors' fees	53	125	(57.6)	150	150	-
Discounting impact of non-current receivables	291	-	N.M	291	-	N.M
Employee benefits expense	13,751	11,277	21.9	50,234	43,066	16.6
Operating lease expenses	8,775	6,915	26.9	32,894	25,417	29.4
Interest expense	-	-	N.M	11	2	N.M
Interest income	(84)	-	N.M	(108)	-	N.M
Amortisation of liability component of convertible loan	-	-	-	106	-	N.M
Fair value loss on derivative liability	-	-	-	62	-	N.M
Listing expenses	-	868	N.M	1,012	868	16.6
Legal and other professional fees	232	468	(50.4)	736	1,164	(36.8)

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

Combined Statements of Financial Position

	Group		Company	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,541	4,087	-	-
Intangible assets	1,305	311	-	-
Investment in subsidiaries	-	-	238,997	122,478
Deferred tax assets	333	-	-	-
Other receivables	4,563	4,062	-	-
	<u>14,742</u>	<u>8,460</u>	<u>238,997</u>	<u>122,478</u>
Current assets				
Trade and other receivables	4,974	2,926	5,756	-
Inventories	1,113	1,239	-	-
Prepayments	291	1,317	10	-
Cash and cash equivalents	85,079	29,446	45,690	-
	<u>91,457</u>	<u>34,928</u>	<u>51,456</u>	<u>-</u>
Total assets	<u>106,199</u>	<u>43,388</u>	<u>290,453</u>	<u>122,478</u>
Current liabilities				
Trade and other payables	20,620	16,185	336	386
Other liabilities	7,141	6,318	916	469
Obligations under finance leases	-	25	-	-
Provision for restoration costs	180	160	-	-
Provision for taxation	3,126	1,174	-	-
	<u>31,067</u>	<u>23,862</u>	<u>1,252</u>	<u>855</u>
Net current assets	<u>60,390</u>	<u>11,066</u>	<u>50,204</u>	<u>(855)</u>
Non-current liabilities				
Deferred tax liabilities	357	-	-	-
Other payables	594	915	-	-
Provision for restoration costs	510	290	-	-
	<u>1,461</u>	<u>1,205</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,528</u>	<u>25,067</u>	<u>1,252</u>	<u>855</u>
Net assets	<u>73,671</u>	<u>18,321</u>	<u>289,201</u>	<u>121,623</u>
Equity attributable to owners of the Company				
Share capital	287,151	122,478	287,151	122,478
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	-	-	-
Retained earnings	19,673	7,762	2,050	(855)
	<u>73,671</u>	<u>10,117</u>	<u>289,201</u>	<u>121,623</u>
Non-controlling interests	-	8,204	-	-
Total equity	<u>73,671</u>	<u>18,321</u>	<u>289,201</u>	<u>121,623</u>
Total equity and liabilities	<u>106,199</u>	<u>43,388</u>	<u>290,453</u>	<u>122,478</u>

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

Amount repayable in one year or less, or on demand

As at 30/9/2017		As at 30/9/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	25	-

Amount repayable after one year

As at 30/9/2017		As at 30/9/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral

United Overseas Bank Limited has granted a Money Market Loan facility of S\$1.8 million to the Group. The facility is secured by the property at 13 Woodlands Link. As at 30 September 2017, the facility with United Overseas Bank Limited has not been drawn down.

Leased assets are pledged as security for the related finance lease liabilities. The finance lease commitments of \$25,000 as at 30 September 2016 was repaid in December 2016.

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.

Combined Statements of Cash Flows

	Group		Group	
	4Q FY2017	4Q FY2016	FY2017	FY2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before tax	5,651	5,348	24,517	25,582
<u>Adjustments for:</u>				
Amortisation of intangible assets	38	117	349	499
Amortisation of liability component of convertible loan	-	-	106	-
Depreciation of property, plant and equipment	521	348	1,948	1,442
Discounting impact of non-current receivables	291	-	291	-
Fair value loss on derivative liability	-	-	62	-
Interest expense	-	-	11	2
Interest income	(84)	-	(108)	-
Listing expenses	-	868	1,012	868
Total adjustments	766	1,333	3,671	2,811
Operating cash flows before changes in working capital	6,417	6,681	28,188	28,393
<u>Change in working capital</u>				
Decrease/(increase) in trade and other receivables	345	818	(2,589)	(346)
Decrease/(increase) in inventories	129	(53)	126	(153)
Decrease/(increase) in prepayments	(119)	(1,168)	1,026	(1,115)
Increase in trade and other payables	157	152	2,517	1,647
Increase in other liabilities	2,390	1,971	823	1,187
Total changes in working capital	2,902	1,720	1,903	1,220
Cash flows from operations	9,319	8,401	30,091	29,613
Interest received	22	-	22	-
Income taxes paid	(35)	(125)	(1,112)	(1,239)
Net cash generated from operating activities	9,306	8,276	29,001	28,374
Investing activities				
Purchase of property, plant and equipment (Note A)	(820)	(576)	(4,366)	(1,697)
Purchase of computer software licence (Note A)	-	-	-	-
Net cash used in investing activities	(820)	(576)	(4,366)	(1,697)
Financing activities				
(Decrease)/increase in amount due to the then-existing shareholders of subsidiaries (non-trade)	-	(1,042)	-	3,334
Withdrawal of pledged deposit	-	30	-	30
Share capital contribution to subsidiaries accounted for on a common control basis	-	-	-	100
Repayment of obligations under finance leases	-	(8)	(26)	(49)
Dividends paid to the then-existing shareholders of subsidiaries	-	(13,983)	(11,000)	(29,673)
Dividends paid on ordinary shares	-	-	(3,233)	-
Proceeds from convertible loans	-	-	5,000	-
Gross proceeds from issuance of new shares pursuant to IPO	-	-	43,450	-
Listing expenses paid	-	(271)	(3,193)	(271)
Net cash (used in)/generated from financing activities	-	(15,274)	30,998	(26,529)
Net increase/(decrease) in cash and cash equivalents	8,486	(7,574)	55,633	148
Cash and cash equivalents at the beginning of financial period/year	76,593	37,020	29,446	29,298
Cash and cash equivalents at the end of financial period/year	85,079	29,446	85,079	29,446

1(c) Combined Statements of Cash Flows (cont'd)

Note A

Property, plant and equipment and Intangible assets

	Group		Group	
	4Q FY2017	4Q FY2016	FY2017	FY2016
	S\$'000	S\$'000	S\$'000	S\$'000
Current year additions to property, plant and equipment	2,402	576	6,402	1,747
Less: non-cash movement				
Included other payables	(1,542)	-	(1,796)	-
Provision for restoration costs	(40)	-	(240)	(50)
Net cash outflow for purchase of property, plant and equipment	820	576	4,366	1,697
Current year additions to computer software licence	398	-	398	-
Less: non-cash movement				
Included other payables	(398)	-	(398)	-
Net cash outflow for purchase of computer software licence	-	-	-	-

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

Combined Statements of Changes in Equity

	← Attributable to owners of the Company →							
	Share capital	Other Reserves			Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	Merger reserve S\$'000	Deemed contribution from shareholders of subsidiary under common control S\$'000	Premium paid on acquisition of non-controlling interests S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
At 1 October 2016	122,478	(120,591)	468	-	7,762	10,117	8,204	18,321
Profit for the period, representing total comprehensive income for the period	-	-	-	-	6,677	6,677	-	6,677
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of Businesses and Acquisition of Subsidiaries satisfied through issuance of 466,074,567 shares	116,519	-	-	(108,315)	-	8,204	(8,204)	-
At 31 December 2016 and 1 January 2017	238,997	(120,591)	468	(108,315)	14,439	24,998	-	24,998
Profit for the period, representing total comprehensive income for the period	-	-	-	-	4,538	4,538	-	4,538
<u>Contributions by and distributions to owners</u>								
Conversion of convertible loans into 25,000,000 shares	5,178	-	-	-	-	5,178	-	5,178
Issuance of new shares pursuant to IPO	43,450	-	-	-	-	43,450	-	43,450
Capitalisation of listing expenses	(1,584)	-	-	-	-	(1,584)	-	(1,584)
Conditional dividends paid to then-existing shareholders of subsidiaries	-	-	-	(4,715)	(6,285)	(11,000)	-	(11,000)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	47,044	-	-	(4,715)	(6,285)	36,044	-	36,044
Balance as at 31 March 2017	286,041	(120,591)	468	(113,030)	12,692	65,580	-	65,580
Profit for the period, representing total comprehensive income for the period	-	-	-	-	5,236	5,236	-	5,236
<u>Transactions with owner, recognised directly in equity</u>								
Dividends on ordinary shares	-	-	-	-	(3,233)	(3,233)	-	(3,233)
Balance as at 30 June 2017 and 1 July 2017	286,041	(120,591)	468	(113,030)	14,695	67,583	-	67,583
Profit for the period, representing total comprehensive income for the period	-	-	-	-	4,978	4,978	-	4,978
<u>Contributions by and distributions to owners</u>								
Acquisition of operating leases satisfied through issuance of 3,000,000 shares	1,110	-	-	-	-	1,110	-	1,110
Balance as at 30 September 2017	287,151	(120,591)	468	(113,030)	19,673	73,671	-	73,671

1(d)(i) Combined Statements of Changes in Equity (cont'd)

	← Attributable to owners of the Company →			Total	Non-	
	Share capital	Merger reserve	Retained earnings		controlling interests	Total equity
	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000
Group						
At 1 October 2015	122,478	(120,640)	10,652	12,490	10,147	22,637
Profit for the period, representing total comprehensive income for the period	-	-	3,362	3,362	3,182	6,544
<u>Contributions by and distributions to owners</u>						
Share capital contribution to subsidiaries accounted for on a common control basis	-	37	-	37	33	70
Dividends declared to the then-existing shareholders of subsidiaries	-	-	(852)	(852)	(1,374)	(2,226)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	37	(852)	(815)	(1,341)	(2,156)
Balance as at 31 December 2015 and 1 January 2016	122,478	(120,603)	13,162	15,037	11,988	27,025
Profit for the period, representing total comprehensive income for the period	-	-	3,074	3,074	3,001	6,075
<u>Contributions by and distributions to owners</u>						
Share capital contribution to subsidiaries accounted for on a common control basis	-	12	-	12	18	30
Dividends declared to the then-existing shareholders of subsidiaries	-	-	(6,448)	(6,448)	(6,210)	(12,658)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	12	(6,448)	(6,436)	(6,192)	(12,628)
Balance as at 31 March 2016	122,478	(120,591)	9,788	11,675	8,797	20,472
Profit for the period, representing total comprehensive income for the period	-	-	3,229	3,229	3,314	6,543
<u>Contributions by and distributions to owners</u>						
Dividends declared to the then-existing shareholders of subsidiaries	-	-	(412)	(412)	(394)	(806)
Balance as at 30 June 2016 and 1 July 2016	122,478	(120,591)	12,605	14,492	11,717	26,209
Profit for the period, representing total comprehensive income for the period	-	-	2,509	2,509	2,546	5,055
<u>Contributions by and distributions to owners</u>						
Capitalisation of shareholders loan waived by the then-existing shareholders of a subsidiary	-	468	-	468	572	1,040
Dividends declared to the then-existing shareholders of subsidiaries	-	-	(7,352)	(7,352)	(6,631)	(13,983)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	468	(7,352)	(6,884)	(6,059)	(12,943)
Balance as at 30 September 2016	122,478	(120,123)	7,762	10,117	8,204	18,321

1(d)(i) Combined Statements of Changes in Equity (cont'd)

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company			
Balance at date of incorporation, 23 May 2016,			
30 June 2016	122,478	-	122,478
Loss for the period, representing total comprehensive income for the period	-	(855)	(855)
Balance as at 30 September 2016 and 1 October 2016	122,478	(855)	121,623
Loss for the period, representing total comprehensive income for the period	-	(34)	(34)
<u>Changes in ownership interests in subsidiaries</u>			
Acquisition of Businesses and Acquisition of Subsidiaries satisfied through issuance of 466,074,567 shares	116,519	-	116,519
At 31 December 2016 and 1 January 2017	238,997	(889)	238,108
Loss for the period, representing total comprehensive income for the period	-	(1,205)	(1,205)
<u>Contributions by and distributions to owners</u>			
Conversion of convertible loans into 25,000,000 shares	5,178	-	5,178
Issuance of new shares pursuant to IPO	43,450	-	43,450
Capitalisation of listing expenses	(1,584)	-	(1,584)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	47,044	-	47,044
Balance as at 31 March 2017	286,041	(2,094)	283,947
Profit for the period, representing total comprehensive income for the period	-	6,689	6,689
<u>Transactions with owner, recognised directly in equity</u>			
Dividends on ordinary shares	-	(3,233)	(3,233)
Balance as at 30 June 2017 and 1 July 2017	286,041	1,362	287,403
Profit for the period, representing total comprehensive income for the period	-	688	688
<u>Contributions by and distributions to owners</u>			
Acquisition of operating leases satisfied through issuance of 3,000,000 shares	1,110	-	1,110
Balance as at 30 September 2017	287,151	2,050	289,201

- 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.

<u>Share Capital – Ordinary Shares</u>	Number of issued shares (‘000)	Issued and paid-up capital (S\$'000)
Balance as at 1 July 2017	1,154,787	286,041
Acquisition of operating leases satisfied through issuance of shares	3,000	1,110
Balance as at 30 September 2017	1,157,787	287,151

The Company did not have any subsidiary holdings, treasury shares or convertible instruments as at 30 September 2017 and 30 September 2016.

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

	30/9/2017	30/9/2016
Total number of issued shares ('000)	1,157,787	489,912

The Company did not have any treasury shares as at 30 September 2017 and 30 September 2016.

- 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. The Company did not have any treasury shares during, and at the end of, the financial year 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.

Not applicable. The Company did not have any subsidiary holdings during, and at the end of, the financial year 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 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. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Save as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 30 September 2016.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 October 2016. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

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

	Group		Group	
	4Q FY2017	4Q FY2016	FY2017	FY2016
Profit attributable to owners of the Company (S\$'000)	4,978	2,509	21,429	12,174
Weighted average number of ordinary shares in issue ('000)	1,157,721	489,912	1,064,411	489,912
Basic and diluted EPS (cents per share)	0.43	0.51	2.01	2.48
For illustrative purposes⁽¹⁾				
Profit attributable to owners of the Company (S\$'000)	4,978	5,055	21,429	24,217
Weighted average number of ordinary shares in issue ('000)	1,157,787	1,154,787	1,157,787	1,154,787
Basic and diluted EPS (cents per share)	0.43	0.44	1.85	2.10

Note:-

(1) For comparative purposes, the EPS for the respective financial periods/years have been computed based on the profit attributable to owners of the Company and share capital of 1,157,787,000 shares assuming that the Restructuring Exercise and the conversion of convertible loans to 25,000,000 shares and 173,800,000 new shares pursuant to the IPO had been completed as at 1 October 2015.

The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 30 September 2016 and 30 September 2017.

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 period reported on; and**

(b) **Immediately preceding financial year**

	Group		Company	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
Net asset value ("NAV") (S\$'000)	73,671	18,321	289,201	121,623
Number of ordinary shares in issue ('000)	1,157,787	489,912	1,157,787	489,912
NAV per ordinary share (cents)	6.36	3.74	24.98	24.83
For illustrative purposes⁽¹⁾				
NAV (S\$'000)	73,671	18,321	289,201	121,623
Number of ordinary shares in issue ('000)	1,157,787	1,154,787	1,157,787	1,154,787
NAV per ordinary share (cents)	6.36	1.59	24.98	10.53

Note:-

(1) For comparative purposes, the NAV per ordinary share for the respective financial periods/years have been computed based on the share capital of 1,157,787,000 shares assuming that the Restructuring Exercise and the conversion of convertible loans to 25,000,000 shares and 173,800,000 new shares pursuant to the IPO had been completed as at 1 October 2015.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

The review must discuss:-

- (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 Group's Financial Performance

Revenue

The Group recorded revenue of S\$192.1 million in FY2017 as compared to S\$172.2 million in FY2016. The increase of S\$19.9 million was mainly due to:

- (a) increase in the revenue contribution from the Outlet Management Division of S\$13.6 million, largely attributable to (i) increase in sales of beverages and tobacco products of S\$4.2 million from increased contribution largely due to the increase in number of coffee shops and drink stalls in FY2017; and (ii) increase in income of S\$8.6 million from the increase in sub-leasing of stalls and related cleaning and utilities services provided.
- (b) increase in the revenue contribution from the Food Retail Division of S\$6.3 million, mainly attributable to increased contributions from the increase in number of food stalls in FY2017.

Cost of sales

Cost of sales increased by S\$18.7 million, to S\$153.7 million in FY2017, in line with the increase in revenue. However, cost of sales as a percentage of revenue increased from 78.4% in FY2016 to 80.0% in FY2017 mainly due to:

- (i) increase in employee benefits expense (for Central Kitchen and outlet/stall staff) by S\$5.4 million due to an increase in the number of employees for coffee shops and food stalls which commenced operations during FY2016;
- (ii) increase in operating lease expense by S\$7.6 million mainly due to rental expense of 18 leases entered into with the Interested Persons and new coffee shops which commenced operations in FY2017.

Other operating income

Other operating income decreased by S\$0.6 million mainly due to decrease in Wage Credit Scheme ("WCS") received as the government has reduced the level of co-funding of qualifying wage increases from 40% to 20%.

Selling and distribution expenses

Selling and distribution expenses increased by S\$0.4 million due mainly to increase in cleaning and packaging materials, in line with the increase in revenue.

Administrative expenses

The increase of S\$1.2 million, from S\$11.9 million in FY2016 to S\$13.1 million in FY2017 was due to (i) higher employee benefits expenses by S\$1.8 million mainly due to increase in headcount, salaries; and incentive bonus for executive directors; and (ii) higher depreciation of property, plant and equipment by S\$0.5 million; (iii) partially offset by decrease in repair and maintenance expenses as well as professional fees by S\$1.1 million.

Interest expense

Interest expense increased by S\$0.4 million due to (i) discounting impact of non-current receivables of S\$0.3 million and (ii) the amortisation of liability component and interest expense relating to the convertible loans of S\$0.1 million.

Tax expense

Tax expense increased by S\$1.7 million. Effective tax rate was 12.6% in FY2017 compared to 5.3% in FY2016. Effective tax rate in FY2016 was significant lower than the Singapore statutory corporate tax rate of 17% mainly due to the effect of partial tax exemption and tax relief enjoyed by the 162 individual entities prior to the Restructuring Exercise. Pursuant to the Restructuring Exercise, tax expense has increased as tax relief and partial tax exemptions are now available to a smaller number of entities with the current Group structure.

Review of Group's Financial Position

Non-current assets

The Group's non-current assets increased by S\$6.3 million primarily due to the increase in property, plant and equipment that was mainly due to additions during FY2017 of S\$6.4 million attributable to (i) construction in-progress in respect of an extension of a four storey annex factory building; (ii) additions to renovations and equipment with the opening of our new coffeeshops and food stalls; and (iii) provision for restoration costs. The increase in intangible assets was mainly due to (i) the acquisition of computer software licence of S\$0.4 million; (ii) lease assignment fees of S\$1.0 million from the acquisition of operating leases of a coffee shop and industrial canteen which were announced on 14 June 2017, 28 June 2017 and 3 July 2017.

The increase was offset by depreciation of property, plant and equipment and amortisation of intangible assets of S\$2.0 million and S\$0.3 million in FY2017 respectively.

8. Review of Group's Financial Position (cont'd)

Current assets

The Group's current assets increased by \$56.6 million due mainly to increase in cash and cash equivalents and trade and other receivables by \$55.7 million and \$2.0 million respectively. The increase was offset by decrease in prepayments of \$1.0 million and decrease in inventories of \$0.1 million.

The increase in cash and cash equivalents was mainly due to (i) the net proceeds from issuance of shares pursuant to IPO of \$40.3 million; (ii) cash generated from operating activities of \$29 million; (iii) proceeds from convertible loans of \$5.0 million and offset by payment of dividends of \$14.2 million. The increase in trade and other receivables was mainly due to the increase in the current portion of refundable deposits relating to rental deposits placed for leases that are expiring within the next 12 months of \$1.6 million. The decrease in prepayments was mainly due to a one-time rental prepayment to landlords in September 2016 to facilitate the Restructuring Exercise.

Current liabilities

The Group's current liabilities increased by \$7.2 million mainly attributable to (i) an increase in trade and other payables mainly due to increase in payables in respect of purchase of property, plant and equipment and intangible assets of \$2.2 million; increase in GST payable of \$0.9 million and increase in current portion of rental deposits from tenants of \$1.0 million; (ii) increase in tax payable by \$2.0 million; and (iii) increase in other liabilities by \$0.8 million mainly due to accrual of payroll related expenses.

Non-current liabilities

The Group's non-current liabilities increased by \$0.3 million due to (i) deferred tax liabilities of \$0.4 million; (ii) increase in non-current portion of provision for restoration costs of \$0.2 million, offset by the decrease in non-current portion of rental deposits from tenants of \$0.3 million.

Review of Group's Statement of Cash Flows

The Group's net cash generated from operating activities in FY2017 of \$29.0 million mainly resulted from operating cash flows before changes in working capital of \$28.2 million, net working capital inflows of \$1.9 million which offset by income tax paid of \$1.1 million. The net working capital inflows were due to (i) increase in other liabilities by \$0.8 million; and (ii) increase in trade and other payables by \$2.5 million; (iii) decrease in prepayments of \$1.0 million and decrease in inventories of \$0.1 million, partially offset by the increase in trade and other receivables of \$2.5 million.

The Group's net cash flows used in investing activities during FY2017 was due to additions of property, plant and equipment of \$4.4 million mainly attributable to (i) construction in-progress in respect of an extension of a four storey annex factory building and (ii) opening of our new coffee shops and food stalls.

The Group's net cash flows from financing activities of \$31.0 million during FY2017 was mainly attributable to (i) proceed from convertible loans of \$5.0 million; (ii) gross proceed from issuance of new shares pursuant to IPO of \$43.5 million; partially offset by (iii) dividends paid to the then-existing shareholders of subsidiaries of \$11.0 million, (iv) listing expenses paid of \$3.2 million, and (v) payment of interim dividends of \$0.0028 per ordinary share for the financial year ended 30 September 2017.

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

The financial results are in line with the forecast statement disclosed in the Company's financial results announcement for the third quarter ended 30 June 2017, dated 7 August 2017.

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 and beverage (“F&B”) business is labour-intensive, along with keen competition and low barriers to entry, we expect the outlook of the industry to remain challenging. The group will continue to focus on the management of its cost through automation and adoption of information technology to improve work processes and optimize manpower resources to improve productivity, operation efficiency and lower operating expenses.

The construction of a four (4) storey annex factory building primarily to expand the capacity of the Group’s corporate headquarters and central kitchen has been completed in September 2017. Following this development, Phase 2 which is the final phase in this latest upgrading project has commenced. This phase of upgrading involves the addition and alteration works to be carried out in the existing building, completion is expected to be in Q3 of FY2018. The Group is sourcing for new equipment and develop software to increase the operational efficiency of the central kitchen. Once completed, the extended central kitchen will allow the Group to double its production output. The Group expects that more processes can be performed in the central kitchen thereby further reducing the reliance on manpower at the food retail outlets, improve the consistency in the quality of its food offerings and help lower cost by bulk buying.

The Group began to extend its food products online in November 2016, and more offerings will be made available online to cater to the needs of this new segment of the market moving forward. Plans are also made to refurbish existing outlets. The Group continues to look at opportunities to expand the network of food outlets and food stalls.

The Group is also actively exploring suitable opportunities to grow its business through acquisitions, joint ventures and form strategic alliances with parties who can help us strengthen our market position.

Complementing the Group's growth plans and cost management measures, the Group has purchased an Enterprise Resource Planning ("ERP") software system to manage the business and automate back office functions. The implementation of ERP (upon its estimated completion by fourth quarter of FY2018) is expected to increase staff productivity while lowering costs in the long run.

Barring any unforeseen circumstances, the Group expects to continue to grow its business and remain profitable for FY2018.

11. Dividend

If a decision regarding dividend has been made: -

(a) Whether an interim (final) dividend has been declared (recommended); and

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	0.68 cents per ordinary share
Tax Rate	Tax-exempt (one-tier)

(b) Previous corresponding period (cents)

(Optional) Rate (%)
None

(c) The date the dividend is payable

Subject to shareholders' approval at the Annual General Meeting, the date payable will be announced in due course.

(d) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Subject to shareholders' approval at the Annual General Meeting, the book closure date will be announced in due course.

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

Not applicable.

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

In connection with the IPO, the Group had obtained a general mandate from shareholders for IPTs disclosed in pages 147 to 153 of the Offer Document.

Name of Interested Persons and Transactions	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	3 months ended 30 September 2017	12 months ended 30 September 2017	3 months ended 30 September 2017	12 months ended 30 September 2017
	S\$’000	S\$’000	S\$’000	S\$’000
Foodwerks Hub Pte. Ltd. Rental of industrial canteen	-	-	-	1,440

The Industrial Canteen is owned by Foodwerks Hub Pte. Ltd., an associate of Mr. Lim Hee Liat, the Executive Chairman and controlling shareholder of the Company. Please refer to announcement made by the Company on 14 June 2017.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Vincent Chia as at 30 September 2017 amounted to S\$3,919,000 and S\$146,000 respectively.

14. Use of IPO proceeds

The Company refers to the gross proceeds amounting to S\$43.5 million raised from the IPO on the Catalist Board of SGX-ST on 20 March 2017.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Allocated S\$’000	Utilised S\$’000	Balance S\$’000
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	-	30,363
Refurbishment and renovation of existing food outlets	3,000	(225)	2,775
Headquarters/Central Kitchen upgrading	5,000	(486)	4,514
Productivity initiatives/IT	2,000	(349)	1,651
Listing expenses	3,087	(3,087)	-
Total	43,450	(4,147)	39,303

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company’s Offer Document.

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

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

Not required for announcement on full year results.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

17. **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.**

BUSINESS SEGMENT INFORMATION

	Outlet management	Food retail	Others	Adjustments and eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
FY2017					
Revenue					
Revenue from external customer	111,175	80,946	-	-	192,121
Inter-segment revenue	12,743	17,253	2,259	(32,255)	-
Total revenue	<u>123,918</u>	<u>98,199</u>	<u>2,259</u>	<u>(32,255)</u>	<u>192,121</u>
Results:					
Interest income	-	-	108	-	108
Amortisation of intangible assets	342	3	4	-	349
Depreciation of property, plant and equipment	1,349	382	217	-	1,948
Discounting impact of non-current refundable deposits	291	-	-	-	291
Employee benefits expense	22,569	23,910	3,755	-	50,234
Interest expense	-	-	11	-	11
Operating lease expenses	31,791	1,015	88	-	32,894
Segment profit/(loss)	<u>11,805</u>	<u>18,003</u>	<u>(5,291)</u>	<u>-</u>	<u>24,517</u>
Assets:					
Segment assets	<u>33,519</u>	<u>16,436</u>	<u>56,244</u>	<u>-</u>	<u>106,199</u>
Segment liabilities	<u>17,447</u>	<u>8,640</u>	<u>6,441</u>	<u>-</u>	<u>32,528</u>
FY2016					
Revenue					
Revenue from external customer	97,550	74,676	-	-	172,226
Inter-segment revenue	7,680	13,137	505	(21,322)	-
Total revenue	<u>105,230</u>	<u>87,813</u>	<u>505</u>	<u>(21,322)</u>	<u>172,226</u>
Results:					
Amortisation of intangible assets	499	-	-	-	499
Depreciation of property, plant and equipment	909	331	202	-	1,442
Employee benefits expense	19,050	18,491	5,525	-	43,066
Interest expense	-	2	-	-	2
Operating lease expenses	22,140	3,093	184	-	25,417
Segment profit/(loss)	<u>10,928</u>	<u>15,450</u>	<u>(796)</u>	<u>-</u>	<u>25,582</u>
Assets:					
Segment assets	<u>24,393</u>	<u>10,845</u>	<u>8,150</u>	<u>-</u>	<u>43,388</u>
Segment liabilities	<u>14,104</u>	<u>6,818</u>	<u>4,145</u>	<u>-</u>	<u>25,067</u>

18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Please refer to Paragraph 8.

19. A breakdown of sales as follows:

	Group		Increase %
	FY2017 S\$'000	FY2016 S\$'000	
Sales reported for:			
(a) First half of the financial year	94,314	82,409	14%
(b) Second half of the financial year	97,807	89,817	9%
	192,121	172,226	12%
Profit attributed to owners of the Company reported for:			
(a) First half of the financial year	11,215	6,436	74%
(b) Second half of the financial year	10,214	5,738	78%
	21,429	12,174	76%

20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Group	
	FY2017 S\$'000	FY2016 S\$'000
Ordinary Dividends		
Interim dividends	3,233	-
Final dividends #	7,873	-
Dividends paid to the then-existing shareholders of subsidiaries	11,000	29,673
Total	22,106	29,673

#The proposed final one-tier tax exempt dividends in respect of FY2017 is subject to shareholders' approval at the forthcoming Annual General meeting of the Company.

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Peter Lim Hee Thong	48	Brother of Lim Hee Liat (Executive Chairman)	Operation Manager since FY2015	No change
Peh Ching Hong	49	Brother of Peh Oon Kee (substantial shareholder)	Outlet supervisor since FY2006	No change
Ng Han Keow	56	Brother of Ng Lay Beng (substantial shareholder)	Operation Manager since FY2001	No change

BY ORDER OF THE BOARD

Lim Hee Liat
Executive Chairman
24 November 2017