

Unaudited Financial Statements and Dividend Announcement for the Three-Month Period Ended 30 June 2019

PART I – INFORMATION REQUIRED FOR FIRST 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		
	1Q ¹ 2019/2020	1Q 2018/2019	Increase/ (Decrease)
	(Unaudited) \$'000	(Unaudited) \$'000	(Decrease) %
Revenue	42,378	38,637	9.7%
Other items of income			
Interest income	50	43	16.3%
Other income	509	366	39.1%
Items of expense			
Purchases and consumables used	(17,539)	(17,360)	1.0%
Changes in inventories	(228)	27	N.M. ²
Delivery expenses	(971)	(658)	47.6%
Employee benefits expense	(13,449)	(12,380)	8.6%
Depreciation and amortisation expenses	(4,290)	(2,124)	102.0%
Advertising expenses	(1,016)	(981)	3.6%
Operating lease expenses	-	(1,860)	-100.0%
Utilities	(1,481)	(1,382)	7.2%
Other expenses	(3,563)	(2,907)	22.6%
Finance costs	(1,076)	(649)	65.8%
Loss before income tax	(676)	(1,228)	-45.0%
Income tax credit/(expense)	272	(52)	N.M.
Loss for the financial period	(404)	(1,280)	-68.4%
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of foreign operation	118	37	218.9%
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value loss on equity instruments at FVOCI	(270)	(117)	130.8%
Other comprehensive income for the financial period, net of tax	(152)	(80)	90.0%
Total comprehensive income for the financial period	(556)	(1,360)	-59.1%

¹ "1Q" denotes financial period from 1 April to 30 June

² "N.M." denotes not meaningful

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

	Group		
	1Q 2019/2020	1Q 2018/2019	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%
Loss attributable to:			
Owners of the parent	(281)	(820)	-65.7%
Non-controlling interests	(123)	(460)	-73.3%
	<u>(404)</u>	<u>(1,280)</u>	-68.4%
Total comprehensive income attributable to:			
Owners of the parent	(435)	(918)	-52.6%
Non-controlling interests	(121)	(442)	-72.6%
	<u>(556)</u>	<u>(1,360)</u>	-59.1%

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

Loss before income tax is arrived at after crediting/(charging) the following:

	Group		
	1Q 2019/2020	1Q 2018/2019	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%
Interest income	50	43	16.3%
Dividend income	11	23	-52.2%
Government grants	165	54	205.6%
Rental income	118	125	-5.6%
Allowance for impairment loss on third parties trade receivables	(1)	-	N.M.
Bad third parties trade receivables written off	(4)	(3)	33.3%
Reversal of allowance of impairment loss	13	14	-7.1%
Depreciation of property, plant and equipment	(1,880)	(2,049)	-8.2%
Depreciation of right-of-use assets	(2,190)	-	N.M.
Depreciation of investment properties	(12)	(12)	N.M.
Amortisation of intangible assets	(208)	(63)	230.2%
Foreign exchange loss, net	(197)	(40)	392.5%
Gain on disposal of plant and equipment	46	-	N.M.
Plant and equipment written off	(11)	(14)	-21.4%
Finance costs	(1,076)	(649)	65.8%

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	
	30/6/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000	30/6/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000
ASSETS				
Current assets				
Inventories	11,179	11,452	-	-
Trade and other receivables	25,195	25,397	3,760	3,249
Prepayments	562	620	12	20
Cash and cash equivalents	14,906	19,027	347	3,633
Total current assets	51,842	56,496	4,119	6,902
Non-current assets				
Property, plant and equipment	75,640	81,218	3	4
Right-of-use assets	35,082	-	106	-
Investment properties	1,142	1,154	-	-
Intangible assets	20,179	20,346	3	4
Investments in subsidiaries	-	-	40,657	40,657
Other receivables	3,214	3,211	1,900	1,900
Financial assets at FVOCI	450	720	450	720
Total non-current assets	135,707	106,649	43,119	43,285
TOTAL ASSETS	187,549	163,145	47,238	50,187
EQUITY				
Capital and reserves				
Share capital	8,664	8,664	8,664	8,664
Merger and capital reserves	(1,291)	(1,291)	-	-
Fair value adjustment account	(180)	90	(180)	90
Foreign currency translation reserve	359	243	-	-
Retained earnings	30,507	30,788	5,420	5,662
Equity attributable to owners of the parent	38,059	38,494	13,904	14,416
Non-controlling interests	3,178	3,299	-	-
TOTAL EQUITY	41,237	41,793	13,904	14,416

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

	Group		Company	
	As at		As at	
	30/6/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000	30/6/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000
LIABILITIES				
Current liabilities				
Trade and other payables	30,537	30,065	3,611	5,874
Provisions	443	443	-	-
Bank borrowings	31,966	33,168	668	668
Finance lease payables	-	2,213	-	-
Lease liabilities	8,156	-	29	-
Income tax payable	1,610	1,619	16	16
Total current liabilities	72,712	67,508	4,324	6,558
Non-current liabilities				
Other payables	2,585	2,579	26,580	26,696
Bank borrowings	43,225	42,852	2,353	2,517
Finance lease payables	-	4,457	-	-
Lease liabilities	24,225	-	77	-
Deferred tax liabilities	3,565	3,956	-	-
Total non-current liabilities	73,600	53,844	29,010	29,213
TOTAL LIABILITIES	146,312	121,352	33,334	35,771
TOTAL EQUITY AND LIABILITIES	187,549	163,145	47,238	50,187

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

Amount repayable in one year or less, or on demand	As at 30/6/2019 (Unaudited) \$'000		As at 31/3/2019 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	14,164	17,802	13,582	19,586
Finance lease payables	2,113	-	2,213	-
Amount repayable after one year	As at 30/6/2019 (Unaudited) \$'000		As at 31/3/2019 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	41,347	1,878	40,784	2,068
Finance lease payables	4,011	-	4,457	-

Details of any collateral:

As at 30 June 2019, the Group's borrowings comprised bank borrowings and finance lease payables which were included in the lease liabilities on statements of financial position.

Bank borrowings

Bank borrowings of \$14.16 million repayable within one year or less or on demand, and \$41.35 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) 8A Admiralty Street #03-20;
- (viii) 8B Admiralty Street #02-16;
- (ix) 22 Senoko Way;
- (x) 6 & 8 Jalan Istimewa 8, Ulu Tiram, Johor, Malaysia; and
- (xi) 3343 Jalan Pekeliling Tanjung 27, Kulai, Johor, Malaysia.

The remaining bank borrowings of \$17.80 million repayable within one year or less or on demand, and \$1.88 million repayable after one year are unsecured.

Finance lease payables

The Group's obligations under finance leases of \$2.11 million repayable within one year or less or on demand, and \$4.01 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	
	1Q 2019/2020	1Q 2018/2019
	(Unaudited) \$'000	(Unaudited) \$'000
Operating activities		
Loss before income tax	(676)	(1,228)
Adjustments for:		
Allowance for impairment loss on third parties trade receivables	1	-
Bad third parties trade receivables written off	4	3
Reversal of allowance for impairment loss	(13)	(14)
Depreciation of property, plant and equipment	1,880	2,049
Depreciation of right-of-use assets	2,190	-
Depreciation of investment properties	12	12
Amortisation of intangible assets	208	63
Dividend income	(11)	(23)
Interest expense	1,076	649
Interest income	(50)	(43)
Gain on disposal of plant and equipment	(46)	-
Plant and equipment written off	11	14
Operating cash flows before working capital changes	4,586	1,482
Working capital changes:		
Inventories	239	(1,033)
Trade and other receivables	(51)	(635)
Prepayments	57	45
Trade and other payables	2,795	(584)
Provisions	13	(31)
Cash generated from/(used in) operations	7,639	(756)
Income tax (paid)/refund	(128)	47
Net cash from/(used in) operating activities	7,511	(709)
Investing activities		
Payment for previous acquisition of additional equity interest in a subsidiary	(1,850)	-
Purchase of property, plant and equipment	(5,874)	(678)
Purchase of intangible assets	(42)	(181)
Proceeds from disposal of plant and equipment	234	1
Interest received	50	43
Dividend received	11	23
Net cash used in investing activities	(7,471)	(792)

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

	Group	
	1Q 2019/2020	1Q 2018/2019
	(Unaudited) \$'000	(Unaudited) \$'000
Financing activities		
Drawdown of bank borrowings	8,674	10,549
Loan from a director	-	(500)
Repayment of bank borrowings	(9,851)	(10,283)
Repayment of finance lease payables	-	(412)
Repayment of principal portion of lease liabilities	(2,255)	-
Interest paid	(675)	(649)
Interest portion of lease liabilities paid	(400)	-
Net cash used in financing activities	<u>(4,507)</u>	<u>(1,295)</u>
Net change in cash and cash equivalents	(4,467)	(2,796)
Effect of foreign exchange rate changes on cash and cash equivalents	(27)	145
Cash and cash equivalents at beginning of financial period	15,842	10,916
Cash and cash equivalents at end of financial period	<u>11,348</u>	<u>8,265</u>
Cash and cash equivalents comprise:		
	Group	
	As at	
	30/6/2019	30/6/2018
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Cash on hand and at bank	14,353	10,847
Fixed deposits	553	377
Cash and cash equivalents on statement of financial position	<u>14,906</u>	<u>11,224</u>
Less: Fixed deposits pledged	(401)	(226)
Less: Bank overdraft	(3,157)	(2,733)
Cash and cash equivalents on consolidated statement of cash flows	<u>11,348</u>	<u>8,265</u>

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 translation account \$'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 2019	8,664	(1,291)	90	243	30,788	38,494	3,299	41,793
Loss for the financial period	-	-	-	-	(281)	(281)	(123)	(404)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	116	-	116	2	118
Fair value loss on equity instruments at FVOCI	-	-	(270)	-	-	(270)	-	(270)
Total comprehensive income for the financial period	-	-	(270)	116	(281)	(435)	(121)	(556)
Balance at 30 June 2019	8,664	(1,291)	(180)	359	30,507	38,059	3,178	41,237
(Unaudited)								
Balance at 1 April 2018	7,899	179	162	248	26,849	35,337	4,076	39,413
Loss for the financial period	-	-	-	-	(820)	(820)	(460)	(1,280)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	19	-	19	18	37
Fair value loss on equity instruments at FVOCI	-	-	(117)	-	-	(117)	-	(117)
Total comprehensive income for the financial period	-	-	(117)	19	(820)	(918)	(442)	(1,360)
Balance at 30 June 2018	7,899	179	45	267	26,029	34,419	3,634	38,053

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

Company	Share capital \$'000	Fair value translation account \$'000	Retained earnings \$'000	Total equity attributable to owners \$'000
(Unaudited)				
Balance at 1 April 2019	8,664	90	5,662	14,416
Loss for the financial period	-	-	(242)	(242)
Other comprehensive income:				
Fair value loss on equity instruments at FVOCI	-	(270)	-	(270)
Total comprehensive income for the financial period	-	(270)	(242)	(512)
Balance at 30 June 2019	8,664	(180)	5,420	13,904
(Unaudited)				
Balance at 1 April 2018	7,899	162	1,377	9,438
Profit for the financial period	-	-	662	662
Other comprehensive income:				
Fair value loss on equity instruments at FVOCI	-	(117)	-	(117)
Total comprehensive income for the financial period	-	(117)	662	545
Balance at 30 June 2018	7,899	45	2,039	9,983

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.

There has been no change in the Company's share capital for the three-month period ended 30 June 2019. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2019 and 30 June 2018.

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	
	30/6/2019	31/3/2019
Total number of issued shares excluding treasury shares	147,350,959	147,350,959

There were no treasury shares as at 30 June 2019 and 31 March 2019.

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 2019, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for its financial year beginning 1 April 2019.

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.**

SFRS(I) 16 Leases introduces a single, on balance sheet lease accounting model which eliminates the current distinction between operating and finance leases for lessees. It requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases (less than 12 months) and leases of low-value assets.

The Group has adopted the new SFRS(I) 16 Leases on 1 April 2019, using the modified retrospective approach in accordance with the transitional provisions, and therefore recognised leases on the statements of financial position as at 1 April 2019. The adoption of this new/revised SFRS(I) does not result in any material changes to the Group's accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited financial statements as at 31 March 2019, except as described below:-

The Group has not restated its comparative figures for the corresponding period of the immediately preceding financial year as permitted under the specific transition provisions in SFRS(I) 16. The Group capitalised its operating leases on outlets, offices, hostel, kitchen, warehouse and other operating facilities and reclassified certain leased assets from property, plant and equipment on the statement of financial position by recognising 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments on date of implementation. Subsequently, the lease assets will be depreciated over the lease term on a straight-line basis and the lease liabilities will be measured at amortised cost.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 April 2019. On adoption of SFRS(I) 16, the Group chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before 1 April 2019. Accordingly, the adoption of SFRS(I) 16 does not result in any adjustment to the opening balance of retained earnings as at 1 April 2019.

Statement of Financial Position	Group		
	As at 1/4/2019	SFRS(I) 16 Adjustments	As at 1/4/2019 (Restated)
	\$'000	\$'000	\$'000
Non-current assets			
Property, plant and equipment	81,218	(9,310)	71,908
Right-of-use assets	-	37,082	37,082
Current liabilities			
Finance lease payables	2,213	(2,213)	-
Lease liabilities	-	8,775	8,775
Non-current liabilities			
Finance lease payables	4,457	(4,457)	-
Lease liabilities	-	25,667	25,667

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	
	1Q 2019/2020 (Unaudited)	1Q 2018/2019 (Unaudited)
Loss attributable to owners of the parent (\$'000)	(281)	(820)
Actual/Weighted average number of ordinary shares ⁽¹⁾	147,350,959	145,907,100
Basic and diluted EPS based on actual/weighted average number of ordinary shares (cents) ⁽²⁾	(0.19)	(0.56)

Notes:

- (1) Basic EPS is computed by dividing the loss attributable to owners of the parent in each financial period by the 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 As at		Company As at	
	30/6/2019 (Unaudited)	31/3/2019 (Audited)	30/6/2019 (Unaudited)	31/3/2019 (Audited)
NAV (\$'000)	38,059	38,494	13,904	14,416
Number of ordinary shares	147,350,959	147,350,959	147,350,959	147,350,959
NAV per ordinary share (cents)	25.83	26.12	9.44	9.78

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 diversified range of 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 and products used in Food Catering business, Food Retail business and Food Manufacturing business. Supplies and Trading business also imports, exports and wholesale fruits, vegetables and frozen meat products to a wide customer base.
- (v) "Other businesses" – Involved in the design, marketing and distribution of floral arrangements, gifts and hampers and manufacturing of bread, cakes and confectionery.

The Group registered \$42.38 million in revenue for the financial period ended 30 June 2019 ("**1Q 2019/2020**") as compared to \$38.64 million in the previous corresponding financial period ended 30 June 2018 ("**1Q 2018/2019**"). The overall increase was approximately \$3.74 million or 9.7%.

Food Catering business revenue increased by \$5.79 million or 41.8% from \$13.85 million in 1Q 2018/2019 to \$19.64 million in 1Q 2019/2020. The increase was mainly due to the strengthening in our recurring income from childcare and eldercare market segments, ramping up our "tingkat" business as well as revenue contributed by newly acquired subsidiaries.

Food Retail business revenue decreased by \$0.31 million or 7.7% from \$3.99 million in 1Q 2018/2019 to \$3.68 million in 1Q 2019/2020. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue decreased by \$0.63 million or 5.4% from \$11.72 million in 1Q 2018/2019 to \$11.09 million in 1Q 2019/2020. The decrease was mainly due to lower sales volume during 1Q 2019/2020.

Supplies and Trading business revenue decreased by \$1.08 million or 12.3% from \$8.82 million in 1Q 2018/2019 to \$7.74 million in 1Q 2019/2020. This was mainly attributable to a reduction in low margin trading transactions as a result of ongoing business review of this segment.

Other businesses revenue decreased by \$0.02 million or 7.5% from \$0.25 million in 1Q 2018/2019 to \$0.23 million in 1Q 2019/2020.

Review of Financial Performance (Continued)

Other income was recorded at \$0.51 million in 1Q 2019/2020 as compared to \$0.37 million in 1Q 2018/2019. It increased by \$0.14 million or 39.1% mainly due to the additional grants received from government of \$0.12 million during 1Q 2019/2020.

Purchases and consumables increased by \$0.18 million or 1.0% from \$17.36 million in 1Q 2018/2019 to \$17.54 million in 1Q 2019/2020. This increase is in line with the overall increase in our Group's revenue which was mainly contributed by our Food Catering business with higher gross margin.

Delivery expenses increased by \$0.31 million or 47.6% from \$0.66 million in 1Q 2018/2019 to \$0.97 million in 1Q 2019/2020. This was mainly attributable to the increase in our outsourced delivery expenses for our Food Catering business, in particular from our daily meal delivery business.

Employee benefits expense increased by \$1.07 million or 8.6% from \$12.38 million in 1Q 2018/2019 to \$13.45 million in 1Q 2019/2020. This was mainly due to the consolidation of the additional headcount from the newly acquired catering subsidiaries.

Depreciation and amortisation expenses increased by \$2.16 million or 102.0% from \$2.12 million in 1Q 2018/2019 to \$4.29 million 1Q 2019/2020. The increase was mainly due to the depreciation of right-of-use assets of \$2.19 million incurred upon the recognition of the right-of-use assets as a result of the adoption of SFRS(I) 16 Leases on 1 April 2019.

As a result of the adoption of SFRS(I) 16 Leases, there was no operating lease expenses recognised in 1Q 2019/2020 as compared to \$1.86 million in 1Q 2018/2019. In addition, finance costs increased by \$0.43 million or 65.8% from \$0.65 million in 1Q 2018/2019 to \$1.08 million in 1Q 2019/2020. This was mainly attributable to the recognition of interest expenses of \$0.40 million during 1Q 2019/2020 in relation to the amortisation of discount on lease liabilities.

Other expenses increased by \$0.65 million or 22.6% from \$2.91 million in 1Q 2018/2019 to \$3.56 million in 1Q 2019/2020. This was mainly due to increase in credit card charges, commissions for events and venue partners, repair and maintenance expenses, upkeep of motor vehicles as well as foreign exchange loss during 1Q 2019/2020.

Loss before income tax decreased by \$0.55 million or 45.0% from \$1.23 million in 1Q 2018/2019 to \$0.68 million in 1Q 2019/2020. Income tax credit recorded at \$0.27 million in 1Q 2019/2020 as compared to a income tax expense of \$0.05 million in 1Q 2018/2019. This was mainly due to the recognition of deferred tax assets of \$0.35 million from Food Manufacturing business in 1Q 2019/2020.

Due to the seasonality effect, the Group's performance would usually be more subdued during the 1Q as compared to other quarters of the financial year. The Group reported a loss of \$0.40 million in 1Q 2019/2020 as compared to a loss of \$1.28 million in 1Q 2018/2019. It improved by \$0.88 million or 68.4%.

The loss attributable to the owners of the parent was recorded at \$0.28 million in 1Q 2019/2020 as compared to \$0.82 million in 1Q 2018/2019, while net loss attributable to non-controlling interests was recorded at \$0.12 million in 1Q 2019/2020 as compared to \$0.46 million in 1Q 2018/2019.

Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") increased by \$3.14 million or 209.3% from \$1.50 million in 1Q 2018/2019 to \$4.64 million in 1Q 2019/2020. This increase was mainly as the result of the adoption of SFRS(I) 16 Leases.

Review of Financial Position

The Group's current assets decreased by \$4.66 million from \$56.50 million as at 31 March 2019 to \$51.84 million as at 30 June 2019. The decrease was primarily due to the Group's cash and cash equivalents decreasing by \$4.12 million which was mainly attributable to the net cash used, as explained in the review of cash flows, in investing and financing activities during 1Q 2019/2020.

The Group's non-current assets increased by \$29.06 million from \$106.65 million as at 31 March 2019 to \$135.71 million as at 30 June 2019. This was mainly attributable to the recognition of right-of-use assets of \$35.08 million as at 30 June 2019, which was offset by the decrease in property, plant and equipment of \$5.58 million during 1Q 2019/2020. The decrease in property, plant and equipment was mainly due to the reclassification of certain leased assets from property, plant and equipment to right-of-use assets as well as depreciation charged for 1Q 2019/2020, which was offset by the additional property, plant and equipment acquired during 1Q 2019/2020.

The Group's current and non-current liabilities increased by \$5.20 million from \$67.51 million as at 31 March 2019 to \$72.71 million as at 30 June 2019 and \$19.76 million from \$53.84 million as at 31 March 2019 to \$73.60 million as at 30 June 2019 respectively. The increase was mainly due to the recognition of current and non-current lease liabilities of \$8.16 million and \$24.23 million respectively as at 30 June 2019 as a result of the adoption of SFRS(I) 16 Leases, which was offset by the reclassification of current and non-current finance lease payables of \$2.21 million and \$4.46 million respectively to lease liabilities.

As at 30 June 2019, the Group was in a net current liability position of \$20.87 million, mainly due to the effects of recognising lease liabilities upon adoption of SFRS(I) 16 Leases, 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 \$41.24 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 1Q 2019/2020 was \$7.51 million, which resulted from positive operating cash flows before working capital changes of \$4.59 million as well as the decrease in net working capital usage of \$3.06 million being offset by the income tax paid of \$0.13 million during 1Q 2019/2020. The decrease in net working capital was mainly due to the decrease in inventories of approximately \$0.24 million and increase in trade and other payables of approximately \$2.80 million.

The Group's net cash used in investing activities of \$7.47 million during 1Q 2019/2020 was mainly attributable to the balance payment of \$1.85 million for the acquisition of additional equity interest in Thong Siek Global Pte Ltd in prior financial year as well as payment of \$5.87 million during 1Q 2019/2020 to acquire a leasehold property at 8A Admiralty Street #03-20 of \$2.62 million and construction-in-progress for 30B Quality Road of \$2.52 million.

The Group's net cash used in financing activities of \$4.51 million during 1Q 2019/2020 was mainly due to the repayment of bank borrowings of \$9.85 million, repayment of principal portion of lease liabilities of \$2.26 million, interest payment of \$0.68 million and interest portion of lease liabilities of \$0.40 million, which was offset by the drawdown of bank borrowings of \$8.67 million during 1Q 2019/2020.

As a result of the above, the net decrease in cash and cash equivalents during 1Q 2019/2020 was \$4.47 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 2020, as contained in Paragraph 10 of the Company's results announcement for the financial year ended 31 March 2019 on 22 May 2019, 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 multi brand strategy.

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 to the Group through cost discipline.

Barring any unforeseen circumstances, the Company expects the Group's operations to remain profitable for the financial year ending 31 March 2020.

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/recommendeded, 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	97.9	-
- Rental and utilities income	6.0	-
(ii) Office premise lease expense ¹	24.6	-
Neo Kah Kiat and Liew Oi Peng		
(i) Office premise lease expense ²	48.8	-
(ii) Rental of hostel for staff welfare	3.0	-
(iii) Twinkle Investment Pte Ltd		
- Rental of yacht	60.0	-
- Office premise lease expense ³	61.6	-
- Interest expense	30.2	-

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 1Q 2019/2020 relates to #05-04 at Enterprise One amounting to approximately \$24,600. 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 1Q 2019/2020 relates to lease expense for #05-03 and #05-05 at Enterprise One amounting to approximately \$48,800. 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 1Q 2019/2020 partly relates to lease expense for #05-06 at Enterprise One amounting to approximately \$25,600. 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 first quarter ended 30 June 2019 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
7 August 2019

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**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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.