



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

Unaudited Financial Statements and Dividend Announcement
For the third quarter ended 30 June 2018

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, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email :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

Consolidated Statements of Comprehensive Income

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	3Q FY2018 S\$'000	3Q FY2017 S\$'000		9M FY2018 S\$'000	9M FY2017 S\$'000	
Revenue	49,881	47,859	4.2	149,206	142,173	4.9
Cost of sales	(40,513)	(39,012)	3.8	(120,037)	(112,900)	6.3
Gross profit	9,368	8,847	5.9	29,169	29,273	(0.4)
Other item of income						
Interest income	205	24	N.M	477	24	N.M
Other operating income	553	811	(31.8)	2,091	2,008	4.1
Other items of expense						
Selling and distribution expenses	(871)	(776)	12.2	(2,520)	(2,264)	11.3
Administrative expenses	(3,109)	(2,852)	9.0	(9,938)	(9,685)	2.6
Finance costs	-	-	-	-	(116)	N.M.
Other operating expense	(161)	(78)	N.M	(274)	(374)	(26.7)
Profit before tax	5,985	5,976	0.2	19,005	18,866	0.7
Income tax expense	(999)	(740)	35.0	(2,818)	(2,415)	16.7
Profit for the period, representing total comprehensive income for the period and attributable to owners of the Company	<u>4,986</u>	<u>5,236</u>	(4.8)	<u>16,187</u>	<u>16,451</u>	(1.6)

Notes:

- (1) 3Q denotes financial period from 1 April to 30 June
- (2) 9M denotes financial period from 1 October to 30 June
- (3) N.M denotes not meaningful

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

The Group's profit before tax was arrived at after charging/(crediting) the following:

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	3Q FY2018 S\$'000	3Q FY2017 S\$'000		9M FY2018 S\$'000	9M FY2017 S\$'000	
Amortisation of intangible assets	95	78	21.8	208	311	(33.1)
Amortisation of liability component of convertible loan	-	-	-	-	106	N.M
Depreciation of property, plant and equipment	626	517	21.1	1,720	1,427	20.5
Directors' fees	38	98	(61.2)	113	98	15.3
Employee benefits expense	13,235	13,037	1.5	39,702	36,483	8.8
Fair value loss on derivative liability	-	-	-	-	63	N.M
Fixed assets written off	66	-	N.M	66	-	N.M
Interest expense	-	-	-	-	11	N.M
Interest income	(205)	(24)	N.M	(477)	(24)	N.M
Listing expenses	-	-	-	-	1,012	N.M
Operating lease expenses	9,233	8,269	11.7	27,142	24,118	12.5

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

Consolidated Statements of Financial Position

	Group		Company	
	30/6/2018 S\$'000	30/9/2017 S\$'000	30/6/2018 S\$'000	30/9/2017 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,907	8,541	-	-
Intangible assets	3,416	1,305	-	-
Investment in subsidiaries	-	-	238,997	238,997
Deferred tax assets	281	333	-	-
Other receivables	4,016	4,563	-	-
	<u>16,620</u>	<u>14,742</u>	<u>238,997</u>	<u>238,997</u>
Current assets				
Trade and other receivables	6,638	4,974	6,661	5,756
Inventories	1,065	1,113	-	-
Prepayments	500	291	128	10
Cash and bank balances	83,983	85,079	55,304	45,690
	<u>92,186</u>	<u>91,457</u>	<u>62,093</u>	<u>51,456</u>
Total assets	<u>108,806</u>	<u>106,199</u>	<u>301,090</u>	<u>290,453</u>
Current liabilities				
Trade and other payables	18,999	20,620	4,502	336
Other liabilities	6,287	7,151	768	926
Obligations under finance leases	27	-	-	-
Provision for restoration costs	290	180	-	-
Provision for taxation	3,149	3,126	-	-
	<u>28,752</u>	<u>31,077</u>	<u>5,270</u>	<u>1,262</u>
Net current assets	<u>63,434</u>	<u>60,380</u>	<u>56,823</u>	<u>50,194</u>
Non-current liabilities				
Deferred tax liabilities	188	357	-	-
Other payables	670	594	-	-
Obligations under finance leases	53	-	-	-
Provision for restoration costs	410	510	-	-
	<u>1,321</u>	<u>1,461</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>30,073</u>	<u>32,538</u>	<u>5,270</u>	<u>1,262</u>
Net assets	<u>78,733</u>	<u>73,661</u>	<u>295,820</u>	<u>289,191</u>
Equity attributable to owners of the Company				
Share capital	287,141	287,141	287,141	287,141
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	(113,030)	-	-
Retained earnings	24,745	19,673	8,679	2,050
Total equity	<u>78,733</u>	<u>73,661</u>	<u>295,820</u>	<u>289,191</u>
Total equity and liabilities	<u>108,806</u>	<u>106,199</u>	<u>301,090</u>	<u>290,453</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 30/6/2018		As at 30/9/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
27	-	-	-

Amount repayable after one year

As at 30/6/2018		As at 30/9/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
53	-	-	-

Details of any collateral

The Group's borrowings consist of obligations under finance lease.

The obligations under finance leases are secured by a charge over the respective leased motor vehicle.

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 June 2018, the facility with United Overseas Bank Limited has not been drawn down.

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

Consolidated Statements of Cash Flows

	Group		Group	
	3Q FY2018	3Q FY2017	9M FY2018	9M FY2017
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before tax	5,985	5,976	19,005	18,866
<u>Adjustments for:</u>				
Amortisation of intangible assets	95	78	208	311
Amortisation of liability component of convertible loan	-	-	-	106
Depreciation of property, plant and equipment	626	517	1,720	1,427
Fair value loss on derivative liability	-	-	-	63
Fixed assets written off	66	-	66	-
Interest expense	-	-	-	11
Interest income	(205)	(24)	(477)	(24)
Listing expenses	-	-	-	1,012
Total adjustments	582	571	1,517	2,906
Operating cash flows before changes in working capital	6,567	6,547	20,522	21,772
<u>Change in working capital</u>				
Increase in trade and other receivables	(266)	(606)	(1,132)	(2,934)
Decrease/(increase) in inventories	9	32	48	(3)
(Increase)/decrease in prepayments	(280)	(114)	(209)	1,145
(Decrease)/increase in trade and other payables	(576)	296	(354)	1,738
Increase/(decrease) in other liabilities	1,112	692	(864)	(946)
Total changes in working capital	(1)	300	(2,511)	(1,000)
Cash flows from operations	6,566	6,847	18,011	20,772
Interest received	200	-	492	-
Income taxes paid	(1,384)	(16)	(2,913)	(1,078)
Net cash generated from operating activities	5,382	6,831	15,590	19,694
Investing activities				
Purchase of property, plant and equipment (Note A)	(1,260)	(628)	(3,084)	(3,546)
Purchase of intangible assets (Note B)	(2,360)	-	(2,487)	-
Net cash used in investing activities	(3,620)	(628)	(5,571)	(3,546)
Financing activities				
Repayment of obligations under finance leases	-	-	-	(26)
Dividends paid to the then-existing shareholders of subsidiaries	-	-	-	(11,000)
Dividends paid on ordinary shares	(3,242)	(3,233)	(11,115)	(3,233)
Proceeds from convertible loans	-	-	-	5,000
Gross proceeds from issuance of new shares pursuant to IPO	-	-	-	43,450
Listing expenses paid	-	-	-	(3,192)
Net cash (used in)/generated from financing activities	(3,242)	(3,233)	(11,115)	30,999
Net (decrease)/increase in cash and bank balances	(1,480)	2,970	(1,096)	47,147
Cash and bank balances at the beginning of financial period	85,463	73,623	85,079	29,446
Cash and bank balances at the end of financial period	83,983	76,593	83,983	76,593

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

	Group		Group	
	3Q FY2018	3Q FY2017	9M FY2018	9M FY2017
	S\$'000	S\$'000	S\$'000	S\$'000
<u>A. Property, plant and equipment</u>				
Current year additions to property, plant and equipment	1,227	912	2,152	4,000
Less:				
Reduction/(increase) from other payables	123	(254)	1,022	(254)
Additions under finance leases	(80)	-	(80)	-
Provision for restoration costs	(10)	(30)	(10)	(200)
Net cash outflow for purchase of property, plant and equipment	1,260	628	3,084	3,546
<u>B. Intangible assets</u>				
Current year additions to intangible assets	2,308	-	2,319	-
Less:				
Reduction from other payables	52	-	168	-
Net cash outflow for purchase of intangible assets	2,360	-	2,487	-

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

Consolidated Statements of Changes in Equity

	← Attributable to owners of the Company →					Total equity
	Share capital	Other Reserves		Premium paid on acquisition of non-controlling interests	Retained earnings	
	Deemed contribution from shareholders of subsidiary under common control	Merger reserve				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
At 1 October 2017	287,141	(120,591)	468	(113,030)	19,673	73,661
Profit for the period, representing total comprehensive income for the period	-	-	-	-	5,748	5,748
At 31 December 2017 and 1 January 2018	287,141	(120,591)	468	(113,030)	25,421	79,409
Profit for the period, representing total comprehensive income for the period	-	-	-	-	5,453	5,453
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	-	-	(7,873)	(7,873)
Balance as at 31 March 2018 and 1 April 2018	287,141	(120,591)	468	(113,030)	23,001	76,989
Profit for the period, representing total comprehensive income for the period	-	-	-	-	4,986	4,986
<u>Transactions with owner, recognised directly in equity</u>						
Dividends on ordinary shares	-	-	-	-	(3,242)	(3,242)
Balance as at 30 June 2018	287,141	(120,591)	468	(113,030)	24,745	78,733

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

	← Attributable to owners of the Company →							
	Share capital	Other Reserves		Premium paid on acquisition of non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
		Merger reserve	Deemed contribution from shareholders of subsidiary under common control					
S\$'000	S\$'000	S\$'000	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 and 1 April 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	286,041	(120,591)	468	(113,030)	14,695	67,583	-	67,583

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

Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 October 2017	287,141	2,050	289,191
Profit for the period, representing total comprehensive income for the period	-	9,792	9,792
At 31 December 2017 and 1 January 2018	287,141	11,842	298,983
Loss for the period, representing total comprehensive income for the period	-	(474)	(474)
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares	-	(7,873)	(7,873)
Balance as at 31 March 2018 and 1 April 2018	287,141	3,495	290,636
Profit for the period, representing total comprehensive income for the period	-	8,426	8,426
<u>Contributions by and distributions to owners</u>			
Dividends on ordinary shares	-	(3,242)	(3,242)
Balance as at 30 June 2018	287,141	8,679	295,820
At 1 October 2016	122,478	(855)	121,623
Loss for the period, representing total comprehensive income for the period	-	(34)	(34)
Changes in ownership interests in subsidiaries			
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 and 1 April 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	286,041	1,362	287,403

- 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 April 2018 and 30 June 2018	<u>1,157,787</u>	<u>287,141</u>

The Company did not have any subsidiary holding, treasury shares or convertible instruments as at 30 June 2018 and 30 June 2017.

- 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 and as at the end of the immediately preceding year.**

	30/6/2018	30/9/2017
Total number of issued shares (‘000)	1,157,787	1,157,787

The Company did not have any treasury shares as at 30 June 2018 and 30 September 2017.

- 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 period reported on.

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

The figures have not been audited 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 consolidated financial statements for the financial year ended 30 September 2017.

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 2017. 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	
	3Q FY2018	3Q FY2017	9M FY2018	9M FY2017
Profit attributable to owners of the Company (S\$'000)	4,986	5,236	16,187	16,451
Weighted average number of ordinary shares in issue ('000)	1,157,787	1,154,787	1,157,787	1,032,823
Basic and diluted EPS (S\$ cents per share)	0.43	0.45	1.40	1.59
For illustrative purposes⁽¹⁾				
Profit attributable to owners of the Company (S\$'000)	4,986	5,236	16,187	16,451
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 (S\$ cents per share)	0.43	0.45	1.40	1.42

Note:-

(1) For comparatives purposes, the EPS for the respective financial periods have been computed based on the profit attributable to owners of the Company and share capital of 1,154,787,000 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 June 2017 and 30 June 2018.

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	
	30/6/2018	30/9/2017	30/6/2018	30/9/2017
Net asset value ("NAV") (S\$'000)	78,733	73,661	295,820	289,191
Number of ordinary shares in issue ('000)	1,157,787	1,157,787	1,157,787	1,157,787
NAV per ordinary share (S\$ cents)	6.80	6.36	25.55	24.98

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.

Consolidated Statement of Comprehensive Income
3Q FY2018 compared to 3Q FY2017

Revenue

The Group recorded revenue of S\$49.9 million in 3Q FY2018 as compared to S\$47.9 million in 3Q FY2017. The increase of S\$2.0 million or 4.2% was mainly due to:

- (a) increase in the revenue contribution from the Outlet Management Division of S\$0.8 million, largely attributable to increase in income from sub-leasing of coffee shops and food courts as well as related cleaning and utilities services provided;
- (b) increase in the revenue contribution from the Food Retail Division of S\$1.2 million, mainly attributable to the increase in number of food stalls since July 2017.

Cost of sales

Cost of sales increased by S\$1.5 million, to S\$40.5 million in 3Q FY2018, in line with the increase in revenue. Cost of sales as a percentage of revenue remains relatively stable with a slight decrease from 81.5% in 3Q FY2017 to 81.2% in 3Q FY2018.

Gross profit

Overall gross profit increased by S\$0.6 million or 5.9% from S\$8.8 million in 3Q FY2017 to S\$9.4 million in 3Q FY2018, while gross profit margin remained relatively constant at 18.8% in 3Q FY2018 as compared to 18.5% in 3Q FY2017.

Other operating income

Other operating income decreased by S\$0.2 million mainly due to lesser government grants received from Wage Credit Scheme and Special Employment Credit in 3Q FY2018.

Selling and distribution expenses

Selling and distribution expenses increased by S\$0.1 million due to the increase in cleaning and packaging materials used, in line with the increase in revenue.

Administrative expenses

The increase of S\$0.2 million, from S\$2.9 million in 3Q FY2017 to S\$3.1 million in 3Q FY2018 was due mainly to higher depreciation of property, plant and equipment.

Other operating expenses

The increase of S\$0.1 million was due to higher amortisation of lease assignment fee.

Consolidated Statements of financial position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2018 and 30 September 2017.

Non-current assets

The Group's non-current assets increased by S\$1.9 million primarily due to increase in (i) additions of property, plant and equipment, and intangible assets during the financial period of S\$4.5 million, offset mainly by depreciation and amortisation of intangible assets of S\$1.7 million and S\$0.2 million respectively; and (ii) decrease in other receivables (non-current) of S\$0.6 million.

The additions of property, plant and equipment and intangible assets during the financial period of S\$4.5 million was attributable to (i) construction in-progress in respect of an extension of the Group's four storey annex factory building; (ii) refurbishment and renovation of existing coffee shops; (iii) additions to renovation and equipment with the opening of new coffee shops and food stalls; (iv) purchase of motor vehicles; and (v) lease assignment fee paid to the previous tenant of the Group's leased premise when lease was transferred to the Group during 3Q FY2018.

Consolidated Statements of financial position (cont'd)

Non-current assets (cont'd)

Other receivables (non-current) comprise (i) the refundable deposits relating to rental deposits placed with lessors for the leases of coffee shops which are due in more than one year and recoverable upon termination or expiration of the leases, amounting to S\$3.9 million and (ii) the non-current portion of staff loans amounting to S\$0.1 million as at 30 June 2018 (30 September 2017: S\$4.5 million and S\$0.1 million respectively).

As at 30 June 2018, total refundable deposits placed with lessors (non-current and current) amounted to S\$6.6 million (30 September 2017: S\$6.1 million), the increase was in line with opening of new coffee shops since October 2017.

Current assets

The Group's current assets increased by \$0.7 million due mainly to increase in (i) trade and other receivables by S\$1.6 million; (ii) increase in prepayments for purchase of equipment by S\$0.2 million and (iii) offset by the decrease in cash and bank balances of S\$1.1 million.

The increase in trade and other receivables was mainly due to (i) increase refundable deposits relating to utilities, staff hostel as well as rental deposit placed with lessors for the leases of coffee shops which are due in less than one year of S\$1.3 million; (ii) increase in trade receivables of S\$0.3 million, in line with increase in revenue. The decrease in cash and bank balances was mainly due to (i) payment of dividends of S\$11.1 million; (ii) additions of property, plant and equipment and intangible assets of S\$5.6 million offset by cash generated from operating activities of S\$15.6 million.

Current liabilities

The Group's current liabilities decreased by S\$2.3 million mainly attributable to (i) decrease in trade and other payables mainly due to prompt payment and decrease in payables in respect of purchase of property, plant and equipment and intangible assets of S\$1.6 million; (ii) decrease in other liabilities by S\$0.9 million due to payment of employee bonus; and partially offset by increase in provision for restoration cost (current) of S\$0.1 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.2 million mainly due to the decrease in (i) deferred tax liabilities of S\$0.2 million; and (ii) provision for restoration cost of S\$0.1 million, offset by increase in other payables and obligations under finance leases of S\$0.1 million.

Consolidated Statements of Cash Flows

3Q FY2018 compared to 3Q FY2017

The Group's net cash generated from operating activities in 3Q FY2018 of S\$5.4 million mainly resulted from (i) operating cash flows before changes in working capital of S\$6.6 million; and (ii) interest received of S\$0.2 million, offset by income taxes paid of S\$1.4 million. The net working capital outflows were due to (i) decrease in trade and other payables by S\$0.6 million; (ii) increase in prepayments by S\$0.3 million and (iii) increase in trade and other receivables by S\$0.3 million and partially offset by the increase in other liabilities by S\$1.1 million.

The Group's net cash flows used in investing activities during 3Q FY2018 was attributable to the additions of property, plant and equipment and intangible assets of S\$3.6 million mainly attributable to (i) construction in-progress in respect of an extension of the Group's four storey factory building; (ii) opening of new coffee shops and food stalls and (iii) lease assignment fees paid to the previous tenant when the lease was transferred to the Group.

The Group's net cash flows used in financing activities of S\$3.2 million during 3Q FY2018 was due to dividends paid on ordinary shares.

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 second quarter ended 31 March 2018, dated 8 May 2018.

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.

Competition in the local food and beverage industry remains keen and fierce. The Group continues to stay focused on building for the future by constantly strengthening its core business and competencies, and improving cost and operational efficacies, whilst at the same time exploring new growth opportunities and drivers with a long term view on diversification to add to income sustainability and resiliency. Earnings in the short to medium term may fluctuate as the Group invests to achieve the goal of delivering sustainable and steady returns to the shareholders.

In line with this business strategy, the Group acquired Asian Story Corporation Pte Ltd ("ASC") on 2 July 2018. ASC captures new opportunities which will allow the Group to extend its footprints beyond the shores of Singapore and position for new growth, complemented by the Group's resilient core business which continues to provide a steady income stream. The Group intends to leverage on the strengths and synergies of the ASC brand to expand the distribution to overseas markets, with a view to ultimately enhancing long-term shareholder value.

11. Dividend

If a decision regarding dividend has been made: -

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

Nil

(b) Previous corresponding period (cents)

(Optional) Rate (%)

Nil

(c) The date the dividend is payable

Not applicable

(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.

Not applicable

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.

The Group had obtained a general mandate from shareholders for IPTs disclosed in pages 147 to 153 of the Offer Document. The general mandate for IPT has been renewed at the Extraordinary General Meeting held on 23 January 2018.

There were no interested person transactions entered into that exceeded S\$100,000 for 3Q FY2018.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Vincent Chia as at 30 June 2018 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	(21,228)	9,135
Refurbishment and renovation of existing food outlets	3,000	(581)	2,419
Headquarters/Central Kitchen upgrading	5,000	(1,319)	3,681
Productivity initiatives/IT	2,000	(652)	1,348
Listing expenses	3,087	(3,087)	-
Total	43,450	(26,867)	16,583

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

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the three months ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Hee Liat
Executive Chairman
8 August 2018