



KITCHEN CULTURE HOLDINGS LTD.
(Company Registration No: 201107179D)

**ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE CATALIST RULES –
ADJUSTMENTS TO PRELIMINARY FINANCIAL RESULTS ANNOUNCEMENT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2018**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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The Board of Directors (the “**Board**”) of Kitchen Culture Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its unaudited financial results announcement for the financial year ended 30 June 2018 (“**FY2018**”) dated 29 August 2018 (the “**Announcement**”). Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), the Board wishes to announce the material variances and the reasons for the material variances between the audited financial statements of the Group for FY2018 (the “**Audited Results**”) and the unaudited financial statements stated in the Announcement (the “**Unaudited Results**”) following the finalisation of the audit.

Below are the details of the material variances between the Audited Results and the Unaudited Results:

Consolidated Statement of Financial Position

	Per Unaudited Results	Per Audited Results	Change Increase / (Decrease)		Explanation for the variances
	S\$	S\$	S\$	%	
Cash and cash equivalents	311,569	321,821	10,252	3.3%	n.m.
Trade receivables	6,056,964	6,216,066	159,102	2.6%	Refer to A
Other receivables	2,167,381	2,025,242	(142,139)	(6.6)%	Refer to B
Inventories	7,321,883	7,281,897	(39,986)	(0.5)%	n.m.
Tax recoverable	38,223	38,223	-	-	n.m.
Property, plant and equipment	615,442	615,442	-	-	n.m.
Investment property	246,002	246,002	-	-	n.m.
Deferred tax assets	337,337	337,337	-	-	n.m.
Trade payables	5,563,737	5,602,123	38,386	0.7%	n.m.
Other payables	8,099,953	8,291,859	191,906	2.4%	Refer to C
Finance lease liabilities	184,540	184,540	-	-	n.m.
Borrowings	4,450,655	4,450,655	-	-	n.m.
Income tax payable	4,429	4,429	-	-	n.m.
Share capital	8,731,259	8,731,259	-	-	n.m.
Translation reserve	189,990	189,862	(128)	(0.1)%	n.m.
Accumulated losses	(9,979,510)	(10,221,783)	242,273	2.4%	Refer to D to J
Equity attributable to owners of the Company	(1,058,261)	(1,300,662)	242,401	22.9%	
Non-controlling interests	(150,252)	(150,914)	662	0.4%	n.m.

Consolidated Statement of Comprehensive Income

	Per Unaudited Results	Per Audited Results	Change Increase / (Decrease)		Explanation for the variances
	S\$	S\$	S\$	%	
Revenue	14,535,097	14,388,410	(146,687)	(1.0)%	Refer to D
Cost of sales	(8,126,071)	(8,111,158)	(14,913)	(0.2)%	Refer to E
Other income	878,984	485,264	(393,720)	(44.8)%	Refer to F
Selling and distribution expenses	(4,754,350)	(4,510,422)	(243,928)	(5.1)%	Refer to G
Other operating expenses	(1,254,450)	(779,893)	(474,557)	(37.8)%	Refer to H
General and administrative expenses	(4,538,240)	(4,785,056)	246,816	5.4%	Refer to I
Finance cost	(512,647)	(701,702)	189,055	36.9%	Refer to J
Loss before tax	(3,771,677)	(4,014,557)	242,880	6.4%	
Loss for the year	(3,771,677)	(4,014,557)	242,880	6.4%	
Other comprehensive income for the year, net of tax	(206,809)	(206,992)	183	0.1%	n.m.
Total comprehensive loss for the year	(3,978,486)	(4,221,549)	(243,063)	(6.1)%	

Consolidated Statement of Cash Flows

	Per Unaudited Results	Per Audited Results	Change Increase / (Decrease)		Explanation for the variances
	S\$	S\$	S\$	%	
Net cash from operating activities	1,661,861	1,024,523	(637,338)	(38.4)%	Refer to K
Net cash used in investing activities	(54,944)	(79,069)	24,125	43.9%	Refer to L
Net cash used in financing activities	(1,456,740)	(775,256)	(681,484)	(46.8)%	Refer to M

n.m. – not meaningful / not material

Explanatory notes:

- A. Trade receivables increased due to reclassification from other receivables S\$142,139 in Note B and an increase of S\$16,963 for contract work done not invoiced.
- B. Reclassification of S\$142,139 to trade receivables.
- C. Other payables increased mainly due to recognition of interest on a loan from a shareholder of a subsidiary corporation (Hong Kong) of S\$189,055 and accrual of additional audit expense (Macau) of S\$2,887.
- D. Revenue decreased by S\$146,687 mainly due to service income and sundry income amounting to S\$86,958 and S\$59,729 respectively reclassified from retail revenue to other income.
- E. Cost of sales decreased by S\$14,913 due to write back of S\$61,206 unrealised profit on the previous financial period's closing stock sold to third parties in FY2018, partially offset by an increase of S\$46,293 for cost of inventories delivered to customers not accounted for.
- F. Other income decreased by S\$393,720 due to foreign exchange gain of S\$544,944 reclassified to other operating expenses, partially offset by reclassification of service income and sundry income amounting to S\$86,958 and S\$59,729 respectively from Note D above.
- G. Selling and distribution expenses decreased due to reclassification of sales commission paid to members of staff totalling S\$243,928 to general and administrative expenses.
- H. Other operating expenses decreased mainly due to foreign exchange gain of S\$544,944 reclassified from other income in Note F, a reduction in foreign exchange loss (Hong Kong) of S\$13,468, partially offset by additional write off of inventories of S\$83,984.
- I. General and administrative expenses increased due to sales commission paid to members of staff totalling S\$243,928 reclassified from Note G and additional audit expense of S\$2,887.
- J. Finance cost increased due to unwinding of deferred interest on a loan from a shareholder of a subsidiary corporation of S\$189,055 as mentioned in Note C above.
- K. Net decrease in amount due to directors S\$620,363 and S\$24,125 included in trade and other payables was being reclassified to net cash used in financing activities and net cash used in investing activities respectively.
- L. Net cash used in investing activities increased due to a reclassification of deposit paid amounting to S\$24,125 for the purchase of a fixed asset from "other receivables" to "additions to property, plant and equipment".
- M. Net decrease in amount due to directors S\$620,363 was being reclassified from net cash provided by operating activities as mentioned in Note K.

On behalf of the Board of Directors

Lim Wee Li
Executive Chairman and Chief Executive Officer

Date: 9 October 2018