



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

Unaudited Financial Statements and Dividend Announcement
For the second quarter and half year ended 31 March 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, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

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) %
	2Q FY2017 S\$'000	2Q FY2016 S\$'000		1H FY2017 S\$'000	1H FY2016 S\$'000	
Revenue	47,369	42,139	12.4	94,314	82,409	14.4
Cost of sales	(37,426)	(33,007)	13.4	(73,889)	(64,043)	15.4
Gross profit	9,943	9,132	8.9	20,425	18,366	11.2
Other item of income						
Other operating income	607	805	(24.6)	1,198	1,376	(12.9)
Other items of expense						
Selling and distribution expenses	(735)	(614)	19.7	(1,488)	(1,220)	22.0
Administrative expenses	(4,305)	(2,791)	54.2	(6,833)	(4,962)	37.7
Interest expense	(116)	-	N.M.	(116)	(2)	N.M.
Other operating expense	(178)	(117)	52.1	(295)	(233)	26.6
Profit before tax	5,216	6,415	(18.7)	12,891	13,325	(3.3)
Income tax expense	(678)	(340)	99.4	(1,676)	(706)	137.4
Profit for the period, representing total comprehensive income for the period	<u>4,538</u>	<u>6,075</u>	(25.3)	<u>11,215</u>	<u>12,619</u>	(11.1)
Attributable to:						
Owners of the Company (Note 3)	4,538	3,074	47.6	11,215	6,436	74.3
Non-controlling interests	-	3,001	N.M	-	6,183	N.M
	<u>4,538</u>	<u>6,075</u>	(25.3)	<u>11,215</u>	<u>12,619</u>	(11.1)

Notes:

- (1) 2Q denotes financial period from 1 January to 31 March
- (2) 1H denotes financial period from 1 October to 31 March
- (3) 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 2Q FY2016 and 1H FY2016 would have been S\$6,075,000 and S\$12,619,000 respectively.
- (4) 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) %
	2Q FY2017 S\$'000	2Q FY2016 S\$'000		1H FY2017 S\$'000	1H FY2016 S\$'000	
Depreciation of property, plant and equipment	467	358	30.4	911	745	22.3
Amortisation of lease assignment fees	117	117	-	233	233	-
Employee benefits expense	12,185	11,001	10.8	23,446	20,790	12.8
Operating lease expenses	8,046	6,168	30.4	15,848	12,006	32.0
Interest expense	10	-*	N.M	11	2	N.M
Amortisation of liability component of convertible loan	106	-	N.M	106	-	N.M
Fair value loss on derivative liability	63	-	N.M	63	-	N.M
Listing expenses	1,012	-	N.M	1,012	-	N.M
Legal and other professional fees	94	469	(80.0)	218	597	(63.5)

Note:

* less than \$1,000

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	
	31/3/2017	30/9/2016	31/3/2017	30/9/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	6,265	4,087	-	-
Intangible assets	78	311	-	-
Investment in subsidiaries	-	-	238,997	122,478
Other receivables	4,961	4,062	-	-
	<u>11,304</u>	<u>8,460</u>	<u>238,997</u>	<u>122,478</u>
Current assets				
Trade and other receivables	4,355	2,926	1,734	-
Inventories	1,274	1,239	-	-
Prepayments	58	1,317	1	-
Cash and bank balances	73,623	29,446	43,624	-
	<u>79,310</u>	<u>34,928</u>	<u>45,359</u>	<u>-</u>
Total assets	<u>90,614</u>	<u>43,388</u>	<u>284,356</u>	<u>122,478</u>
Current liabilities				
Trade and other payables	17,636	16,185	-	-
Other liabilities	4,103	6,318	409	855
Obligations under finance leases	-	25	-	-
Provision for restoration costs	200	160	-	-
Provision for taxation	1,789	1,174	-	-
	<u>23,728</u>	<u>23,862</u>	<u>409</u>	<u>855</u>
Net current assets	<u>55,582</u>	<u>11,066</u>	<u>44,950</u>	<u>(855)</u>
Non-current liabilities				
Other payables	886	915	-	-
Provision for restoration costs	420	290	-	-
Total liabilities	<u>25,034</u>	<u>25,067</u>	<u>409</u>	<u>855</u>
Net assets	<u>65,580</u>	<u>18,321</u>	<u>283,947</u>	<u>121,623</u>
Equity attributable to owners of the Company				
Share capital	286,041	122,478	286,041	122,478
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	-	-	-
Retained earnings	12,692	7,762	(2,094)	(855)
	<u>65,580</u>	<u>10,117</u>	<u>283,947</u>	<u>121,623</u>
Non-controlling interests	-	8,204	-	-
Total equity	<u>65,580</u>	<u>18,321</u>	<u>283,947</u>	<u>121,623</u>
Total equity and liabilities	<u>90,614</u>	<u>43,388</u>	<u>284,356</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 31/3/2017		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 31/3/2017		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 31 March 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	
	2Q FY2017 S\$'000	2Q FY2016 S\$'000	1H FY2017 S\$'000	1H FY2016 S\$'000
Operating activities				
Profit before tax	5,216	6,415	12,891	13,325
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	467	358	911	745
Amortisation of intangible assets	117	117	233	233
Listing expenses	1,012	-	1,012	-
Interest expense	10	-	11	2
Amortisation of liability component of convertible loan	106	-	106	-
Fair value loss on derivative liability	63	-	63	-
Total adjustments	1,775	475	2,336	980
Operating cash flows before changes in working capital	6,991	6,890	15,227	14,305
<u>Change in working capital</u>				
Decrease/(increase) in trade and other receivables	958	116	(2,328)	(773)
Decrease/(increase) in inventories	48	-	(36)	(20)
Decrease/(increase) in prepayments	27	(12)	1,258	11
(Decrease)/increase in trade and other payables	(879)	398	1,045	357
(Decrease)/increase in other liabilities	(1,542)	(1,038)	(1,637)	204
Total changes in working capital	(1,388)	(536)	(1,698)	(221)
Cash flows from operations	5,603	6,354	13,529	14,084
Income taxes paid	(90)	(411)	(1,060)	(642)
Net cash generated from operating activities	5,513	5,943	12,469	13,442
Investing activity				
Purchase of property, plant and equipment (Note A)	(1,302)	(503)	(2,524)	(652)
Net cash used in investing activity	(1,302)	(503)	(2,524)	(652)
Financing activities				
Increase in amount due to the then-existing shareholders of subsidiaries (non-trade)	-	155	-	1,690
Share capital contribution to subsidiaries accounted for on a common control basis	-	30	-	100
Repayment of obligations under finance leases	-	(16)	(26)	(33)
Dividends paid to the then-existing shareholders of subsidiaries	(11,000)	(12,658)	(11,000)	(14,884)
Proceeds from convertible loans	5,000	-	5,000	-
Gross proceeds from issuance of new shares pursuant to IPO	43,450	-	43,450	-
Listing expenses paid	(3,192)	-	(3,192)	-
Net cash generated from/(used in) financing activities	34,258	(12,489)	34,232	(13,127)
Net increase/(decrease) in cash and bank balances	38,469	(7,049)	44,177	(337)
Cash and bank balances at the beginning of financial period	35,154	36,040	29,446	29,328
Cash and bank balances at the end of financial period	73,623	28,991	73,623	28,991

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

Note A. Property, plant and equipment

	Group		Group	
	2Q FY2017	2Q FY2016	1H FY2017	1H FY2016
	S\$'000	S\$'000	S\$'000	S\$'000
Current year additions to property, plant and equipment	1,546	513	3,089	662
Less: Included other payables	(244)	-	(395)	-
Less: Provision for restoration costs	-	(10)	(170)	(10)
Net cash outflow for purchase of property, plant and equipment	<u>1,302</u>	<u>503</u>	<u>2,524</u>	<u>652</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

Combined 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	Total	Non-controlling interests	
	S\$'000	Merger reserve S\$'000	Deemed contribution from shareholders of subsidiary under common control 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	286,041	(120,591)	468	(113,030)	12,692	65,580	-	65,580

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

	← Attributable to owners of the Company →			Non- controlling interests	Total equity	
	Share capital	Merger reserve	Retained earnings			Total
	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

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

Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at date of incorporation, 23 May 2016	-	-	-
At 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

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)
At date of incorporation, 23 May 2016⁽¹⁾	-	-
Fair value of ordinary shares held by the Controlling Shareholder as adjusted for the Share Split	489,912	122,478
Balance as at 30 September 2016	489,912	122,478
Acquisition of Businesses and Acquisition of Subsidiaries as adjusted for the Share Split	466,075	116,519
Balance as at 1 October 2016	955,987	238,997
Conversion of Convertible loan	25,000	5,178
Issuance of new shares pursuant to IPO	173,800	43,450
Capitalisation of listing expenses	-	(1,584)
Balance as at 31 March 2017	1,154,787	286,041

Note (1):

As at the date of incorporation, 23 May 2016, the Company had 1 share with issued and paid-up capital of S\$1.

The Company did not have any subsidiary holding, treasury shares or convertible instruments as at 31 March 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

	31/3/2017	30/9/2016
Total number of issued shares ('000)	1,154,787	489,912

The Company did not have any treasury shares as at 31 March 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 period 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 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 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	
	2Q FY2017	2Q FY2016	1H FY2017	1H FY2016
Profit attributable to owners of the Company (S\$'000)	4,538	3,074	11,215	6,436
Weighted average number of ordinary shares in issue ('000)	988,049	489,912	971,842	489,912
Basic and diluted EPS (cents per share)	0.46	0.63	1.15	1.31
For illustrative purposes⁽¹⁾				
Profit attributable to owners of the Company (S\$'000)	4,538	6,075	11,215	12,619
Weighted average number of ordinary shares in issue ('000)	1,154,787	1,154,787	1,154,787	1,154,787
Basic and diluted EPS (cents per share)	0.39	0.53	0.97	1.09

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 31 March 2016 and 31 March 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	
	31/3/2017	30/9/2016	31/3/2017	30/9/2016
Net asset value ("NAV") (S\$'000)	65,580	18,321	283,947	121,623
Number of ordinary shares in issue ('000)	1,154,787	489,912	1,154,787	489,912
NAV per ordinary share (S\$ cents)	5.68	3.74	24.59	24.83
For illustrative purposes⁽¹⁾				
NAV (S\$'000)	65,580	18,321	283,947	121,623
Number of ordinary shares in issue ('000)	1,154,787	1,154,787	1,154,787	1,154,787
NAV per ordinary share (S\$ cents)	5.68	1.59	24.59	10.53

Note:-

- (1) For comparatives purposes, the NAV per ordinary share for the respective financial periods have been computed based on the 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.

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.

Combined Statement of Comprehensive Income
2Q FY2017 compared to 2Q FY2016

Revenue

The Group recorded revenue of S\$47.4 million in 2Q FY2017 as compared to S\$42.1 million in 2Q FY2016. The increase of S\$5.3 million or 12.4% was mainly due to:

- (a) increase in the revenue contribution from the sales of cooked food, beverages and tobacco products by S\$2.9 million or 8.1%, mainly attributable to (i) full period contributions from four (4) drink stalls, six (6) coffee shop outlet and 11 food stalls which commenced operations since 2Q FY2016; and (ii) partial contributions from one (1) new coffee shop and four (4) new food stalls commenced operations since FY2017.
- (b) increase in rental income and income from provision of cleaning and utilities services by S\$2.1 million or 33.9%, mainly attributable to (i) income from sub-lease of 17 coffee shops leased from LHL Companies (as disclosed in pages 144 to 146 of the Offer Document, and elaborated in section 13 of the announcement)(the "Interested Persons") as master leaseholder; (ii) income from five (5) new coffee shops which commenced operations since 2Q FY2016; and (iii) one (1) new coffee shop which commenced operations in February 2017.

8. Combined Statement of Comprehensive Income (cont'd) **2Q FY2017 compared to 2Q FY2016 (cont'd)**

Cost of sales

Cost of sales comprises raw materials and consumables, employee benefits expense (for our Central Kitchen and food outlets staff), operating lease expenses, utilities and cleaning charges.

Cost of sales increased by S\$4.4 million or 13.4%, from S\$33.0 million in 2Q FY2016 to S\$37.4 million in 2Q FY2017, due to increase in revenue. However, cost of sales as a percentage of revenue increased from 78.3% in 2Q FY2016 to 79.0% in 2Q FY2017 mainly due to:

- (i) increase in employee benefits expense (for Central Kitchen and outlet/stall staff) by S\$0.5 million or 5.0%, from S\$10.1 million in 2Q FY2016 to S\$10.6 million in 2Q FY2017. This was due to an increase in the number of employees for coffee shops and food stalls which commenced operations since March 2016; increase in foreign workers' levy, housing benefits and CPF contributions.
- (ii) increase in operating lease expense by S\$1.8 million or 30.4%, from S\$6.2 million in 2Q FY2016 to S\$8.0 million in 2Q FY2017. This was mainly due to rental expense of 17 leases entered into with the Interested Persons and new coffee shops which commenced operations since 2Q FY2016.

As a result of the above, gross profit increased by S\$0.8 million or 8.9%, from S\$9.1 million in 2Q FY2016 to S\$9.9 million in 2Q FY2017.

Other operating income

Other operating income was S\$0.6 million in 2Q FY2017 as compared to S\$0.8 million in 2Q FY2016. It decreased by S\$0.2 million or 24.6% mainly due to decrease in government grants, Wage Credit Scheme ("**WCS**") received. Under the extended WCS, level of co-funding is reduced from 40% of qualifying wage increases to 20% of qualifying wage increases.

Selling and distribution expenses

Selling and distribution expenses comprise mainly cleaning, packaging materials and other expendables. The increase of S\$0.1 million or 19.7%, from S\$0.6 million in 2Q FY2016 to S\$0.7 million in 2Q FY2017 was mainly due to higher packaging materials and other expendables expenses, in line with the increase in revenue.

Administrative expenses

Administrative expenses comprise mainly employee benefits expenses for corporate headquarters and management personnel, depreciation of property, plant and equipment, repair and maintenance and listing expenses. The increase of S\$1.5 million or 54.2%, from S\$2.8 million in 2Q FY2016 to S\$4.3 million in 2Q FY2017 was mainly due to (i) listing expenses of S\$1.0 million; (ii) higher employee benefits expenses by S\$0.6 million due mainly to increase in headcount and salaries of S\$0.3 million and incentive bonus for executives of S\$0.3 million; and (iii) higher depreciation of property, plant and equipment by S\$0.1 million.

Interest expense

Interest expense increased by S\$0.1 million compared to 2Q FY2016 attributable mainly to the amortisation of liability component and accrued interest expense relating to the convertible loans.

Other operating expense

Other operating expense increased by S\$0.1 million or 52.1%, from S\$0.1 million in Q2 FY2016 to S\$0.2 million in 2Q FY2017, due mainly to the fair value loss on derivative liability relating to the convertible loans, which were converted into ordinary shares prior to the IPO.

8. Combined Statement of Comprehensive Income (cont'd) **2Q FY2017 compared to 2Q FY2016 (cont'd)**

Profit before tax

Profit before tax decreased by S\$1.2 million or 18.7%, from S\$6.4 million in 2Q FY2016 to S\$5.2 million in 2Q FY2017 mainly due to the offset of the increase in gross profit of S\$0.8 million by the increase in selling and distribution and administrative expenses as elaborated above. Excluding the impact of one-off listing expenses of S\$1.0 million and convertible loans related expenses of S\$0.2 million, the Group's profit before tax for 2Q FY2017 remained constant at S\$6.4 million as compared to 2Q FY2016.

Tax expense

Tax expense increased by S\$0.4 million or 99.4% from S\$0.3 million in 2Q FY2016 to S\$0.7 million 2Q FY2017. Effective tax rate was 13% in 2Q FY2017 compared to 5.3% in 2Q FY2016. Effective tax rate in 2Q 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.

Profit for the period

As a result of the above, the Group's profit for the period decreased by S\$1.6 million or 25.3%, from S\$6.1 million in 2Q FY2016 to S\$4.5 million in 2Q FY2017. Excluding the impact of one-off listing expenses of S\$1.0 million and convertible loans related expenses of S\$0.2 million, the Group's profit for the period decreased by S\$0.3 million or 5.7%, from S\$6.1 million in 2Q FY2016 to S\$5.7 million in 2Q FY2017.

Combined Statements of financial position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 March 2017 and 30 September 2016.

Non-current assets

The Group's non-current assets increased by \$2.8 million from S\$8.5 million as at 30 September 2016 to S\$11.3 million as at 31 March 2017 primarily due to an increase in property, plant and equipment of S\$2.2 million and other receivables (non-current) of S\$0.9 million. The increase in property, plant and equipment is mainly due to additions during the period of S\$3.1 million attributable to (i) construction in-progress in respect of an extension of a four storey annex factory building primarily to expand the capacity of the corporate headquarters and Central Kitchen; (ii) additions to electrical and renovations, and equipment and fittings with the opening of our new coffeeshops and food stalls; and (iii) provision for restoration costs.

Other receivables (non-current) comprise the refundable deposits relating to rental deposits placed with lessors for the leases of our food outlets which are due in more than one year and recoverable upon termination or expiration of the leases, amounting to S\$4.6 million and the non-current portion of staff loans amounting to S\$0.4 million as at 31 March 2017 (30 September 2016: S\$3.6 million and S\$0.5 million respectively).

The increase in other receivables (non-current) is mainly due to increase in non-current refundable deposits relating to the rental deposits placed for the (i) 17 leases entered into with the Interested Persons and (ii) new coffeeshops commencing operations during 1H FY2017.

The increase was offset by depreciation of property, plant and equipment and amortisation of intangible assets of S\$0.9 million and S\$0.2 million in 1H FY2017 respectively.

8. Combined Statements of financial position (cont'd)

Current assets

The Group's current assets increased by \$44.4 million from S\$34.9 million as at 30 September 2016 to S\$79.3 million as at 31 March 2017 due mainly to increase in cash and bank balances and trade and other receivables by S\$44.2 million and S\$1.5 million respectively. The increase was offset by decrease in prepayments of S\$1.2 million.

The increase in cash and bank balances is mainly due to the net proceeds from issuance of shares pursuant to IPO of S\$40.9 million. The increase in trade and other receivables is mainly due to the increase in the current portion of refundable deposits relating to rental deposits placed for the 17 leases entered into with the Interested Persons and new coffeeshops commenced operations during 1H 2017. The decrease in prepayments is mainly due to a one-time rental prepayment made in September 2016 to facilitate the Restructuring Exercise.

Current liabilities

The Group's current liabilities decreased by S\$0.2 million from S\$23.9 million as at 30 September 2016 to S\$23.7 million as at 31 March 2017. This was mainly attributable to (i) decrease in other liabilities by S\$2.2 million due to prompt payment, partially offset by (ii) an increase in trade and other payables due to increase in payables in respect of purchase of property, plant and equipment of S\$0.4 million; increase in GST payable of S\$0.4 million and increase in current portion of rental deposits from tenants of S\$0.6 million; and (iii) increase in tax payable by S\$0.6 million.

Non-current liabilities

The Group's non-current liabilities increased by S\$0.1 million from S\$1.2 million as at 30 September 2016 to S\$1.3 million as at 31 March 2017 primarily due to the increase in non-current portion of provision for restoration costs.

Combined Statements of Cash Flows

The Group's net cash generated from operating activities in 2Q 2017 of S\$5.5 million mainly resulted from operating cash flows before changes in working capital of S\$7.0 million, offset by net working capital outflows of S\$1.4 million and income taxes paid of S\$0.1 million. The net working capital outflows were due to (i) decrease in other liabilities by S\$1.5 million; and (ii) decrease in trade and other payables by S\$0.9 million, partially offset by the decrease in trade and other receivables by S\$1.0 million.

The Group's net cash flows used in investing activity during 2Q FY2017 was attributable to the purchase of property, plant and equipment of S\$1.3 million.

The Group's net cash flows from financing activities of S\$34.3 million during 1H FY2017 were mainly due to (i) proceeds from convertible loans of S\$5.0 million; (ii) gross proceeds from issuance of new shares pursuant to IPO of S\$43.5 million; partially offset by (iii) dividends paid to the then-existing shareholders of subsidiaries of S\$11.0 million and listing expenses paid of S\$3.2 million.

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

Not applicable as no specific forecast or a prospect statement has been issued previously.

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") industry is highly competitive and barriers to entry are low. The Group's business is labour-intensive, given that qualified individuals with requisite skills are in short supply within the F&B industry, we expect the outlook of F&B industry to remain challenging.

The Group will continue to focus on management of its cost and manpower to increase productivity and efficiency.

The construction of an extension of a four (4) storey annex factory building primarily to expand the capacity of the Group's corporate headquarters and the central kitchen is expected to be completed by the fourth quarter of FY2017.

The Group will continue to focus on executing its growth plans which include implementing cashless payment systems at the food outlets, extending online food ordering and delivery system, as well as expanding the network of food stalls and refurbishing existing food outlets.

The Group may also seek related opportunity to grow its business through acquisitions, joint ventures and strategic alliances with parties who can help us to strengthen the market position.

Barring any unforeseen circumstances, the Group expects to remain profitable for FY2017.

11. Dividend

If a decision regarding dividend has been made: -

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	0.28 cents per ordinary share
Tax Rate	Tax-exempt (one-tier)

In addition, on 30 September 2016, certain of the Relevant Business Vendors prior to the Restructuring Exercise declared an aggregate of S\$11.0 million in conditional dividends for FY2016 in connection with the Restructuring Exercise. The conditional dividends has been paid in March 2017.

(b) Previous corresponding period (cents)

(Optional) Rate (%)
None

(c) The date the dividend is payable

The interim dividend will be paid on or about 19 June 2017.

(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.

8 June 2017

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.

As disclosed in pages 144 to 146 the Offer Document, the Group had entered into lease agreements with the LHL Companies in respect of 17 coffee shops. The leases with the LHL Companies have an initial lease term of four (4) years commencing 1 October 2016. The aggregate rental payable to the LHL Companies in respect of the 17 coffee shops is S\$649,200 per month.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Vincent Chia as at 31 March 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	-	3,000
Headquarters/Central Kitchen upgrading	5,000	-	5,000
Productivity initiatives/IT	2,000	-	2,000
Listing expenses	3,087	(3,087)	-
Total	43,450	(3,087)	40,363

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 31 March 2017 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Hee Liat
Executive Chairman
9 May 2017