



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

Unaudited Financial Statements and Dividend Announcement
For the financial year ended 30 September 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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail:sponsorship@ppcf.com.sg).

Background

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

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

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

As announced on 29 November 2018, the Company has rescinded *ab initio* its acquisition of Asian Story Corporation Pte. Ltd. ("**ASC**") ("**Rescission**"). Accordingly, the financial results of ASC have not been consolidated into the unaudited financial statements of the Group.

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) %
	4Q FY2018 S\$'000	4Q FY2017 S\$'000		FY2018 S\$'000	FY2017 S\$'000	
Revenue	53,008	50,043	5.9	202,213	192,121	5.3
Cost of sales	(41,989)	(40,772)	3.0	(162,026)	(153,672)	5.4
Gross profit	11,019	9,271	18.9	40,187	38,449	4.5
Other item of income						
Interest income	169	84	101.2	645	108	N.M
Other operating income	880	922	(4.6)	2,972	3,027	(1.8)
Other items of expense						
Selling and distribution expenses	(1,502)	(941)	59.6	(4,022)	(3,205)	25.5
Administrative expenses	(4,034)	(3,356)	20.2	(13,973)	(13,041)	7.1
Finance costs	(159)	(291)	(45.4)	(156)	(407)	(61.7)
Other operating expenses	(309)	(38)	N.M	(584)	(414)	41.1
Profit before tax	6,064	5,651	7.3	25,069	24,517	2.3
Income tax expense	(368)	(673)	(45.3)	(3,186)	(3,088)	3.2
Profit for the period/year, representing total comprehensive income for the period/year and attributable to owners of the Company	<u>5,696</u>	<u>4,978</u>	14.4	<u>21,883</u>	<u>21,429</u>	2.1

Notes:

- (1) 4Q denotes financial period from 1 July to 30 September
(2) 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 the following:

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	4Q FY2018 S\$'000	4Q FY2017 S\$'000		FY2018 S\$'000	FY2017 S\$'000	
Amortisation of intangible assets	128	38	N.M	336	349	(3.7)
Depreciation of property, plant and equipment	806	521	54.7	2,526	1,948	29.7
Loss on disposal of property, plant and equipment	182	-	N.M	248	-	N.M
Directors' fees	38	53	(28.3)	150	150	-
Discounting impact of non-current receivables	158	291	(45.7)	158	291	(45.7)
Employee benefits expense	14,023	13,751	2.0	53,725	50,233	7.0
Operating lease expenses	9,717	8,775	10.7	36,858	32,894	12.1
Interest expense	1	-	N.M	1	11	N.M
Interest income	(169)	(84)	N.M	(645)	(108)	N.M
Amortisation of liability component of convertible loan	-	-	N.M	-	106	N.M
Fair value loss on derivative liability	-	-	N.M	-	62	N.M
Listing expenses	-	-	N.M	-	1,012	N.M
Legal and other professional fees	394	232	69.8	1,070	736	45.4

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	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	10,326	8,541	-	-
Intangible assets	4,297	1,305	-	-
Investment in subsidiaries	-	-	238,997	238,997
Deferred tax assets	292	333	-	-
Other receivables	9,510	4,563	4,000	-
	<u>24,425</u>	<u>14,742</u>	<u>242,997</u>	<u>238,997</u>
Current assets				
Trade and other receivables	17,881	4,974	22,303	5,756
Inventories	1,015	1,113	-	-
Prepayments	778	291	10	10
Cash and cash equivalents	71,669	85,079	38,473	45,690
	<u>91,343</u>	<u>91,457</u>	<u>60,786</u>	<u>51,456</u>
Total assets	<u>115,768</u>	<u>106,199</u>	<u>303,783</u>	<u>290,453</u>
Current liabilities				
Trade and other payables	19,418	20,620	6,608	336
Other liabilities	7,126	7,151	984	926
Obligations under finance leases	26	-	-	-
Provision for restoration costs	272	180	-	-
Provision for taxation	3,473	3,126	10	-
	<u>30,315</u>	<u>31,077</u>	<u>7,602</u>	<u>1,262</u>
Net current assets	<u>61,028</u>	<u>60,380</u>	<u>53,184</u>	<u>50,194</u>
Non-current liabilities				
Obligations under finance leases	46	-	-	-
Deferred tax liabilities	399	357	-	-
Other payables	804	594	-	-
Provision for restoration costs	618	510	-	-
	<u>1,867</u>	<u>1,461</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,182</u>	<u>32,538</u>	<u>7,602</u>	<u>1,262</u>
Net assets	<u>83,586</u>	<u>73,661</u>	<u>296,181</u>	<u>289,191</u>
Equity attributable to owners of the Company				
Share capital	287,141	287,141	287,141	287,141
Treasury shares	(843)	-	(843)	-
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	(113,030)	-	-
Retained earnings	30,441	19,673	9,883	2,050
Total equity	<u>83,586</u>	<u>73,661</u>	<u>296,181</u>	<u>289,191</u>
Total equity and liabilities	<u>115,768</u>	<u>106,199</u>	<u>303,783</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 30/9/2018		As at 30/9/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
26	-	-	-

Amount repayable after one year

As at 30/9/2018		As at 30/9/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
46	-	-	-

Details of any collateral

The Group's borrowings consist of obligations under finance lease which are secured by a charge over the respective leased motor vehicles.

United Overseas Bank Limited has granted a Money Market Loan facility of S\$1.8 million to the Group. The facility is secured by the property at 13 Woodlands Link. As at 30 September 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	
	4Q FY2018	4Q FY2017	FY2018	FY2017
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before tax	6,064	5,651	25,069	24,517
<u>Adjustments for:</u>				
Amortisation of intangible assets	128	38	336	349
Amortisation of liability component of convertible loan	-	-	-	106
Depreciation of property, plant and equipment	806	521	2,526	1,948
Write-off of property, plant and equipment	182	-	248	-
Discounting impact of non-current receivables	158	291	158	291
Fair value loss on derivative liability	-	-	-	62
Interest expense	1	-	1	11
Interest income	(169)	(84)	(645)	(108)
Listing expenses	-	-	-	1,012
Total adjustments	1,106	766	2,624	3,671
Operating cash flows before changes in working capital	7,170	6,417	27,693	28,188
<u>Change in working capital</u>				
(Increase)/decrease in trade and other receivables	(16,619)	345	(17,766)	(2,589)
Decrease in inventories	154	129	202	126
(Increase)/decrease in prepayments	(278)	(119)	(488)	1,026
Increase/(decrease) in trade and other payables	276	157	(130)	2,517
Increase/(decrease) in other liabilities	840	2,390	(24)	823
Total changes in working capital	(15,627)	2,902	(18,206)	1,903
Cash flows from operations	(8,457)	9,319	9,487	30,091
Interest received	157	22	663	22
Interest paid	(1)	-	(1)	-
Income taxes paid	-	(35)	(2,913)	(1,112)
Net cash (used in)/generated from operating activities	(8,301)	9,306	7,236	29,001
Investing activities				
Purchase of property, plant and equipment (Note A)	(1,238)	(820)	(4,322)	(4,366)
Purchase of intangible assets (Note B)	(104)	-	(2,538)	-
Net cash outflow on acquisition of businesses	(1,820)	-	(1,820)	-
Net cash used in investing activities	(3,162)	(820)	(8,680)	(4,366)
Financing activities				
Dividends paid on ordinary shares	-	-	(11,115)	(3,233)
Purchase of treasury shares	(843)	-	(843)	-
Repayment of obligations under finance leases	(8)	-	(8)	(26)
Dividends paid to the then-existing shareholders of subsidiaries	-	-	-	(11,000)
Proceeds from convertible loans	-	-	-	5,000
Gross proceeds from issuance of new shares pursuant to IPO	-	-	-	43,450
Listing expenses paid	-	-	-	(3,193)
Net cash (used in)/generated from financing activities	(851)	-	(11,966)	30,998
Net (decrease)/increase in cash and cash equivalents	(12,314)	8,486	(13,410)	55,633
Cash and cash equivalents at the beginning of financial year period/year	83,983	76,593	85,079	29,446
Cash and cash equivalents at the end of financial period/year	71,669	85,079	71,669	85,079

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

	Group		Group	
	4Q FY2018	4Q FY2017	FY2018	FY2017
	S\$'000	S\$'000	S\$'000	S\$'000
<u>A. Property, plant and equipment</u>				
Current period/year additions to property, plant and equipment	1,720	2,402	3,872	6,402
Less: non-cash movement				
(Increase)/decrease in other payables	(293)	(1,542)	729	(1,796)
Obligation under finance leases	-	-	(80)	-
Provision for restoration costs	(189)	(40)	(199)	(240)
Net cash outflow for purchase of property, plant and equipment	1,238	820	4,322	4,366
<u>B. Intangible assets</u>				
Current period/year additions to intangible assets	88	398	2,407	398
Less: non-cash movement				
Decrease/(increase) in other payables	16	(398)	131	(398)
Net cash outflow for purchase of intangible assets	104	-	2,538	-

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	Treasury shares	Other Reserves		Premium paid on acquisition of non-controlling interests	Retained earnings	
	S\$'000	S\$'000	Merger reserve S\$'000	Deemed contribution from shareholders of subsidiary under common control 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	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)
At 31 March 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>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	-	-	-	(3,242)	(3,242)
At 30 June 2018	287,141	-	(120,591)	468	(113,030)	24,745	78,733
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	5,696	5,696
<u>Contributions by and distributions to owners</u>							
Purchase of treasury shares	-	(843)	-	-	-	-	(843)
At 30 September 2018	287,141	(843)	(120,591)	468	(113,030)	30,441	83,586

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

	← Attributable to owners of the Company →							
	Share capital	Merger reserve	Deemed contribution from shareholders of subsidiary under common control	Premium paid on acquisition of non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
	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	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	5,168	-	-	-	-	5,168	-	5,168
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	47,034	-	-	(4,715)	(6,285)	36,034	-	36,034
At 31 March 2017	286,031	(120,591)	468	(113,030)	12,692	65,570	-	65,570
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)
At 30 June 2017	286,031	(120,591)	468	(113,030)	14,695	67,573	-	67,573
Profit for the period, representing total comprehensive income for the period	-	-	-	-	4,978	4,978	-	4,978
<u>Contributions by and distributions to owners</u>								
Acquisition of operating leases satisfied through issuance of 3,000,000 shares	1,110	-	-	-	-	1,110	-	1,110
At 30 September 2017	287,141	(120,591)	468	(113,030)	19,673	73,661	-	73,661

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

	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company				
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	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)
At 31 March 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)
At 30 June 2018	287,141	-	8,679	295,820
Profit for the period, representing total comprehensive income for the period	-	-	1,204	1,204
<u>Contributions by and distributions to owners</u>				
Purchase of treasury shares	-	(843)	-	(843)
At 30 September 2018	287,141	(843)	9,883	296,181

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

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company			
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	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	5,168	-	5,168
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	47,034	-	47,034
At 31 March 2017	286,031	(2,094)	283,937
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)
At 30 June 2017	286,031	1,362	287,393
Profit for the period, representing total comprehensive income for the period	-	688	688
<u>Contributions by and distributions to owners</u>			
Acquisition of operating leases satisfied through issuance of 3,000,000 shares	1,110	-	1,110
At 30 September 2017	287,141	2,050	289,191

- 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 (\$'000)
Balance as at 1 July 2018	1,157,787	287,141
Less: Treasury shares	(2,397)	(843)
Balance as at 30 September 2018	<u>1,155,390</u>	<u>286,298</u>

Treasury Shares

During 4Q FY2018, the Company has bought back 2,397,000 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 2,397,000 treasury shares as at 30 September 2018 (30 September 2017: Nil).

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

	30/9/2018	30/9/2017
Total number of issued shares ('000)	1,157,787	1,157,787
Less: Total number of treasury shares ('000)	(2,397)	-
Total number of issued shares, excluding treasury shares ('000)	<u>1,155,390</u>	<u>1,157,787</u>

- 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.**

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial year.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during, and at the end of, the financial year reported on.

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

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

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

Save as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited 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 (excluding treasury shares) of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group		Group	
	4Q FY2018	4Q FY2017	FY2018	FY2017
Profit attributable to owners of the Company (S\$'000)	5,696	4,978	21,883	21,429
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,155,743	1,157,721	1,157,272	1,064,411
Basic and diluted EPS (cents per share)	0.49	0.43	1.89	2.01

* The weighted average number of shares takes into account the changes as a result from share buy-backs transacted during the respective period and financial year.

7. **Net asset value (for the issuer and group) per ordinary share (excluding treasury shares) based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

(a) **Current period reported on; and**

(b) **Immediately preceding financial year**

	Group		Company	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
Net asset value ("NAV") (S\$'000)	83,586	73,661	296,181	289,191
Number of ordinary shares in issue ('000)	1,155,390	1,157,787	1,155,390	1,157,787
NAV per ordinary share (cents)	7.23	6.36	25.63	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.

Review of Group's Financial Performance

Revenue

The Group recorded revenue of S\$202.2 million in FY2018 as compared to S\$192.1 million in FY2017. The increase of S\$10.1 million was mainly due to:

- (a) increase in the revenue contribution from the Outlet Management Division of S\$2.4 million, largely attributable to increase in income from the increase in sub-leasing of stalls and related cleaning and utilities services provided due to the revenue contribution from coffee shops and drink stalls which commenced operations since the later half of FY2017; and
- (b) increase in the revenue contribution from the Food Retail Division of S\$7.7 million, mainly attributable to increased contributions from (i) the revenue contribution from food stalls which commenced operations in the later half of FY2017; and (ii) the revenue contribution from the restaurants and confectionery businesses that were acquired in July 2018, namely Tonkichi and Rive Gauche (the "Tonkichi and RG").

Cost of sales

Cost of sales increased by S\$8.4 million, to S\$162.0 million in FY2018, in line with the increase in revenue. Cost of sales as a percentage of revenue remains relatively constant at 80.1% in FY2018 compared to 80.0% in FY2017. The increase of cost of sales by S\$8.4 million was mainly due to:

- (a) increase in employee benefits expense (for Central Kitchen and outlet/stall staff) by S\$2.5 million due to an increase in the number of employees for coffee shops and food stalls which commenced operations in FY2018 and arising from the acquisition of the Tonkichi and RG businesses;
- (b) increase in operating lease expense by S\$4.0 million mainly due to increased rental expense from (i) new coffee shops which commenced operations in FY2018; and (ii) Tonkichi and RG; and
- (c) increase in cost of goods of S\$1.1 million in line with the increase in revenue.

Interest income

Interest income increased by S\$0.5 million, was in line with higher bank balances placed as short-term deposits during the financial year.

Other operating income

Other operating income decreased slightly by S\$0.1 million mainly due to the decline in government grants received from Special Employment Credit and Temporary Employment Credit Schemes.

Selling and distribution expenses

Selling and distribution expenses increased by S\$0.8 million due mainly to increase in online food delivery fees, pest control services, and cleaning and packaging materials expenses, in line with the increase in revenue.

Administrative expenses

The increase of S\$1.0 million, from S\$13.0 million in FY2017 to S\$14.0 million in FY2018 was due to (i) higher employee benefits expenses by S\$1.0 million mainly due to the increase in headcount, salaries; and incentive bonus for executive directors; (ii) higher depreciation of property, plant and equipment by S\$0.6 million in line with the increase in property, plant and equipment; (iii) higher professional fees of S\$0.4 million; and partially offset by absence of the one-off listing expense of S\$1.0 million incurred in FY2017.

Finance costs

Finance costs declined by S\$0.2 million due to the decrease in (i) discounting impact of non-current receivables of S\$0.1 million and (ii) the one-off amortisation of liability component and interest expense relating to the convertible loans of S\$0.1 million incurred in FY2017.

Other operating expense

Other operating expense increased by S\$0.2 million due mainly to property, plant and equipment written off due to closure of coffee shops.

Income tax expense

Income tax expense increased by S\$0.1 million mainly due to higher taxable profit and the expiry of Productivity and Innovation Scheme and the decrease in Corporate Income Tax Rebate cap from S\$15,000 in FY2017 to S\$10,000 in FY2018. Effective tax rate was 12.7% in FY2018 compared to 12.6% in FY2017.

8. Review of Group's Financial Position

Non-current assets

The Group's non-current assets increased by S\$9.7 million primarily due to (i) increase in intangible assets of S\$3.3 million; (ii) additions in property, plant and equipment of S\$4.5 million; (iii) increase in other receivables (non-current) of S\$4.9 million; and offset by depreciation, write-off of property, plant and equipment and amortisation of intangible assets of S\$2.5 million, S\$0.2 million and S\$0.3 million respectively. The increase in intangible assets was mainly attributable to (a) the brand value arising from the acquisition of Tonkichi and RG businesses of S\$0.9 million; (b) increase in lease assignment fees of S\$2.3 million paid to the previous tenant of the Group's leased premise when lease was transferred to the Group during 3Q FY2018; and (c) additions to computer software of S\$0.1 million.

The additions of property, plant and equipment of S\$4.5 million attributable to (i) construction in-progress in respect of an extension of the Group's four storey annex factory building, (ii) additions of motor vehicles, (iii) additions to renovations and equipment with the opening of our new coffeeshops and food stalls in FY2018; (iv) provision for restoration costs, and (v) additions arising from acquisition of Tonkichi and RG businesses of S\$0.7 million.

Other receivables (non-current) comprised (i) the refundable deposits relating to rental deposits placed with lessors for the leases of coffee shops, restaurants and confectionery shops which are due to expire in more than one year and recoverable upon termination or expiration of the leases, amounting to S\$5.3 million; (ii) the non-current portion of staff loans amounting to \$0.2 million as at 30 September 2018 (30 September 2017: S\$4.5 million and S\$0.1 million respectively); and (iii) the Balance Consideration of S\$4.0 million pursuant to the Rescission.

As at 30 September 2018, total refundable deposits placed with lessors (non-current and current) amounted to S\$7.1 million (30 September 2017: S\$6.1 million), the increase was in line with opening of new coffee shops since FY2017 and the acquisition of Tonkichi and RG businesses in July 2018.

Current assets

The Group's current assets decreased by \$0.1 million due mainly to decrease in cash and cash equivalents and inventories by \$13.4 million and S\$0.1 million. The decrease was offset by (i) increase in trade and other receivables by S\$12.9 million; and (ii) increase in prepayments for purchase of equipment of S\$0.5 million.

The decrease in cash and cash equivalents was mainly due to (i) additions of property, plant and equipment and intangible assets of S\$6.9 million; (ii) payments made in relation to the acquisition of the Tonkichi and RG businesses of S\$1.8 million, (iii) payment of dividends of S\$11.1 million, (iv) purchase of treasury shares of S\$0.8 million, offset by the cash generated from operating activities of S\$7.2 million.

The increase in trade and other receivables was mainly due to (i) S\$12.0 million receivable from a vendor pursuant to the Rescission. As disclosed in the Company's announcement dated 29 November 2018, the vendor has repaid S\$12.0 million to the Company on 29 November 2018; (ii) increase in sponsorships receivables of S\$0.7 million; and (iii) increase in trade receivables of S\$0.2 million, in line with the increase in revenue.

Current liabilities

The Group's current liabilities decreased by S\$0.8 million mainly attributable to decrease in trade payables and other payables by S\$1.2 million due mainly to decrease in payable purchase of property, plant and equipment and intangible assets of S\$0.9 million, partially offset by the increase in (i) tax payable by S\$0.3 million; and (ii) provision of restoration cost of S\$0.1 million.

Non-current liabilities

The Group's non-current liabilities increased by S\$0.4 million due to increase in (i) non-current portion of rental deposits from tenants of S\$0.2 million; and (ii) provision of restoration costs of S\$0.1 million.

Review of Group's Statement of Cash Flows

The Group's net cash generated from operating activities in FY2018 of S\$7.2 million mainly resulted from (i) operating cash flows before changes in working capital of S\$27.7 million, (ii) interest income received of S\$0.7 million, offset by net working capital outflows of S\$18.2 million and income tax paid of S\$2.9 million. The net working capital outflows were due to (i) increase in trade and other receivables by S\$17.8 million; (ii) increase in prepayments by S\$0.5 million; (iii) decrease in trade and other payables of S\$0.1 million and partially offset by the decrease in inventories by S\$0.2 million.

The Group's net cash flows used in investing activities during FY2018 of S\$8.7 million mainly due to (i) net cash outflow on acquisition of the Tonkichi and RG businesses of S\$1.8 million; and (ii) purchase of property, plant and equipment and intangible assets of S\$4.3 million and S\$2.5 million respectively.

8. Review of Group's Statement of Cash Flows (cont'd)

The purchase of property, plant and equipment and intangible assets mainly attributable to (a) construction in-progress in respect of an extension of a four storey annex factory building and (b) opening of our new coffee shops and food stalls, and (c) 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\$12.0 million during FY2018 were mainly attributable to (i) payment of dividends of S\$11.1 million; and (ii) purchase of treasury shares of S\$0.8 million.

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

The financial results are in-line with the forecast statement disclosed in the Company's financial results announcement for the third quarter ended 30 June 2018, dated 8 August 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.**

The Group continues to face cost pressures on labour, food cost, rental cost and expansion cost. Despite these challenges, the Group continues to find solutions to improve operation efficiencies, deploy new technology to help improve productivity and streamline work processes.

The Group will continue to invest to achieve the goal of delivering sustainable and steady returns to the shareholders. There will be a steady stream of new coffee shops released through the new Price Quality Model adopted by the Housing and Development Board ("HDB"). As an experienced operator, the Group looks forward to securing the leases of some of those coffee shops and further expand our market share.

The Group has commenced feasibility studies to relocate the central kitchen of the confectionery business. If implemented, it will lead to cost efficiencies. These studies are in-line with broader strategic review that the Group will conduct in the near future.

As announced on 29 November 2018, the Company has rescinded *ab initio* its acquisition of ASC. Accordingly, the financial results of ASC have not been consolidated into the unaudited financial statements of the Group.

The Group will also be taking all necessary actions to alleviate any adverse impact which may arise from the regulatory orders for provision of information and documents as announced on 29 November 2018.

11. **Dividend**

If a decision regarding dividend has been made: -

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

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

(b) Previous corresponding period (cents)

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

(c) The date the dividend is payable

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

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

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

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

Not applicable.

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

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.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Vincent Chia as at 30 September 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	(5,577)	24,786
Balance Consideration	-	(4,000) ^	(4,000)
Refurbishment and renovation of existing food outlets	3,000	(770)	2,230
Headquarters/Central Kitchen upgrading	5,000	(1,692)	3,308
Productivity initiatives/IT	2,000	(919)	1,081
Listing expenses	3,087	(3,087)	-
Total	43,450	(16,045)	27,405

^ Pursuant to the Rescission, out of the S\$16.0 million consideration previously paid to the vendor for the acquisition of ASC, S\$12.0 million has been repaid by the vendor and the Balance Consideration of S\$4.0 million is to be repaid over 3 years.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

BUSINESS SEGMENT INFORMATION

	Outlet management	Food retail	Others*	Adjustments and eliminations	Group
FY2018	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Revenue from external customer	113,573	88,640	-	-	202,213
Inter-segment revenue	27,079	21,902	40,468	(89,449)	-
Total revenue	140,652	110,542	40,468	(89,449)	202,213
Results:					
Interest income	72	49	524	-	645
Amortisation of intangible assets	238	36	62	-	336
Depreciation of PPE	1,517	509	500	-	2,526
Discounting impact of non-current refundable deposits	158	-	-	-	158
Employee benefits expense	23,151	26,431	4,143	-	53,725
Interest expense	-	-	1	-	1
Operating lease expenses	34,961	1,819	78	-	36,858
Segment profit/(loss)	11,532	18,769	(5,232)	-	25,069
Assets:					
Segment assets	31,938	17,885	65,945	-	115,768
Segment liabilities	16,134	9,048	7,000	-	32,182
FY2017					
Revenue					
Revenue from external customer	111,175	80,946	-	-	192,121
Inter-segment revenue	12,743	17,253	2,259	(32,255)	-
Total revenue	123,918	98,199	2,259	(32,255)	192,121
Results:					
Interest income	-	-	108	-	108
Amortisation of intangible assets	342	3	4	-	349
Depreciation of property, plant and equipment	1,349	382	217	-	1,948
Discounting impact of non-current refundable deposits	291	-	-	-	291
Employee benefits expense	22,569	23,910	3,755	-	50,234
Interest expense	-	-	11	-	11
Operating lease expenses	31,791	1,015	88	-	32,894
Segment profit/(loss)	11,805	18,003	(5,291)	-	24,517
Assets:					
Segment assets	33,519	16,436	56,244	-	106,199
Segment liabilities	17,447	8,640	6,451	-	32,538

* Others includes provision of management, finance, human resources, treasury and administrative services.

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

Please refer to Paragraph 8.

18. A breakdown of sales as follows:

	Group		Increase %
	FY2018 S\$'000	FY2017 S\$'000	
Sales reported for:			
(a) First half of the financial year	99,325	94,314	5%
(b) Second half of the financial year	102,888	97,807	5%
	<u>202,213</u>	<u>192,121</u>	<u>5%</u>

Profit attributed to owners of the Company reported for:

(a) First half of the financial year	11,201	11,215	0%
(b) Second half of the financial year	10,682	10,214	5%
	<u>21,883</u>	<u>21,429</u>	<u>2%</u>

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

	Group	
	FY2018 S\$'000	FY2017 S\$'000
Ordinary Dividends		
Interim dividends	3,242	3,233
Final dividends [#]	7,855	7,873
Dividends paid to the then-existing shareholders of subsidiaries	-	11,000
Total	<u>11,097</u>	<u>22,106</u>

[#]The proposed final one-tier tax exempt dividends in respect of FY2018 is subject to shareholders' approval at the forthcoming Annual General meeting of the Company.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Peh Chin Hong	50	Brother of Peh Oon Kee (substantial shareholder)	Outlet supervisor since FY2006	No change
Ng Han Keow	57	Brother of Ng Lay Beng (substantial shareholder)	Operation Manager since FY2001	No change

BY ORDER OF THE BOARD

Wong Kok Yoong
Finance Director
29 November 2018