



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 2019

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.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. 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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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 FY2019 S\$'000	4Q FY2018 S\$'000		FY2019 S\$'000	FY2018 S\$'000	
Revenue	52,506	53,008	(0.9)	208,299	202,213	3.0
Cost of sales	(41,784)	(41,989)	(0.5)	(167,612)	(162,026)	3.4
Gross profit	10,722	11,019	(2.7)	40,687	40,187	1.2
Interest income from bank deposits	343	169	103.0	1,128	645	74.9
Other operating income	1,576	880	79.1	3,358	2,972	13.0
Other items of expense						
Selling and distribution expenses	(1,485)	(1,502)	(1.1)	(5,258)	(4,022)	30.7
Administrative expenses	(4,138)	(4,034)	2.6	(15,384)	(13,973)	10.1
Finance costs	(1)	(159)	(99.4)	(4)	(156)	(97.4)
Other operating expenses	(206)	(309)	(33.3)	(584)	(584)	-
Profit before tax	6,811	6,064	12.3	23,943	25,069	(4.5)
Income tax expense	(1,455)	(368)	295.4	(3,890)	(3,186)	22.1
Profit for the period/year, representing total comprehensive income for the period/year and attributable to owners of the Company	<u>5,356</u>	<u>5,696</u>	(6.0)	<u>20,053</u>	<u>21,883</u>	(8.4)

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 FY2019 S\$'000	4Q FY2018 S\$'000		FY2019 S\$'000	FY2018 S\$'000	
Amortisation of intangible assets	196	128	53.1	573	335	71.0
Depreciation of property, plant and equipment	777	806	(3.6)	3,056	2,526	21.0
Directors' fees	50	38	31.6	200	150	33.3
Employee benefits expense	14,312	14,023	2.1	57,258	53,725	6.6
Gain on disposal of property, plant and equipment	(9)	-	N.M	(9)	-	N.M
Interest expense	1	1	-	4	1	N.M
Interest income from short-term deposits	(343)	(169)	103.0	(1,128)	(645)	74.9
Interest (income)/expense arising from discount implicit in non-current receivables	(455)	155	N.M	(455)	155	N.M
Operating lease expenses	9,517	9,717	(2.1)	38,200	36,858	3.6
Share-based payment expenses (Kimly Performance Share Plan)	34	-	N.M	34	-	N.M
Write-off of property, plant and equipment	10	182	(94.5)	10	248	(96.0)

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	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	9,724	10,326	-	-
Intangible assets	5,961	4,297	-	-
Investment in subsidiaries	-	-	238,997	238,997
Deferred tax assets	354	292	-	-
Other receivables	6,072	8,110	2,600	2,600
	<u>22,111</u>	<u>23,025</u>	<u>241,597</u>	<u>241,597</u>
Current assets				
Trade and other receivables	8,409	19,281	9,963	23,703
Inventories	1,129	1,015	-	-
Prepayments	2,199	778	10	10
Cash and cash equivalents	87,189	71,669	55,369	38,473
	<u>98,926</u>	<u>92,743</u>	<u>65,342</u>	<u>62,186</u>
Total assets	<u>121,037</u>	<u>115,768</u>	<u>306,939</u>	<u>303,783</u>
Current liabilities				
Trade and other payables	19,638	19,418	10,981	6,608
Other liabilities	7,619	7,126	1,011	984
Obligations under finance leases	27	26	-	-
Provision for restoration costs	496	272	-	-
Provision for taxation	3,900	3,473	38	10
	<u>31,680</u>	<u>30,315</u>	<u>12,030</u>	<u>7,602</u>
Net current assets	<u>67,246</u>	<u>62,428</u>	<u>53,312</u>	<u>54,584</u>
Non-current liabilities				
Obligations under finance leases	20	46	-	-
Deferred tax liabilities	367	399	-	-
Other payables	693	804	-	-
Provision for restoration costs	384	618	-	-
	<u>1,464</u>	<u>1,867</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>33,144</u>	<u>32,182</u>	<u>12,030</u>	<u>7,602</u>
Net assets	<u>87,893</u>	<u>83,586</u>	<u>294,909</u>	<u>296,181</u>
Equity attributable to owners of the Company				
Share capital	287,141	287,141	287,141	287,141
Treasury shares	(2,334)	(843)	(2,334)	(843)
Share based compensation reserve	34	-	34	-
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	(113,030)	-	-
Retained earnings	36,205	30,441	10,068	9,883
Total equity	<u>87,893</u>	<u>83,586</u>	<u>294,909</u>	<u>296,181</u>
Total equity and liabilities	<u>121,037</u>	<u>115,768</u>	<u>306,939</u>	<u>303,783</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 30/9/2019		As at 30/9/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
27	-	26	-

Amount repayable after one year

As at 30/9/2019		As at 30/9/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
20	-	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 2019, 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 FY2019	4Q FY2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before tax	6,811	6,064	23,943	25,069
<u>Adjustments for:</u>				
Amortisation of intangible assets	196	128	573	335
Depreciation of property, plant and equipment	777	806	3,056	2,526
Gain on disposal of property, plant and equipment	(9)	-	(9)	-
Interest expense	1	1	4	1
Interest income from short-term deposits	(343)	(169)	(1,128)	(645)
Interest (income)/expense arising from the discount implicit in non-current receivables	(455)	158	(455)	155
Share-based payment expenses (Kimly Performance Share Plan)	34	-	34	-
Write-off of property, plant and equipment	10	182	10	248
Total adjustments	211	1,106	2,085	2,620
Operating cash flows before changes in working capital	7,022	7,170	26,028	27,689
<u>Change in working capital</u>				
Decrease/(increase) in trade and other receivables	391	(16,619)	13,458	(17,766)
Decrease/(increase) in inventories	209	154	(114)	202
Increase in prepayments	(1,756)	(278)	(1,770)	(488)
Increase/(decrease) in trade and other payables	296	276	718	(127)
Increase/(decrease) in other liabilities	1,370	840	492	(24)
Total changes in working capital	510	(15,627)	12,784	(18,203)
Cash flows from operations	7,532	(8,457)	38,812	9,486
Interest received	396	157	1,034	663
Interest paid	(1)	(1)	(4)	(1)
Income taxes paid	(416)	-	(3,412)	(2,913)
Net cash generated from/(used in) operating activities	7,511	(8,301)	36,430	7,235
Investing activities				
Purchase of property, plant and equipment (Note A)	(814)	(1,238)	(2,695)	(4,322)
Purchase of intangible assets (Note B)	(172)	(104)	(2,438)	(2,537)
Proceeds from disposal of property, plant and equipment	28	-	28	-
Net cash outflow on acquisition of businesses	-	(1,820)	-	(1,820)
Net cash used in investing activities	(958)	(3,162)	(5,105)	(8,679)
Financing activities				
Dividends paid on ordinary shares	(6,436)	-	(14,289)	(11,115)
Purchase of treasury shares	(16)	(843)	(1,491)	(843)
Repayment of obligations under finance leases	(6)	(8)	(25)	(8)
Net cash used in financing activities	(6,458)	(851)	(15,805)	(11,966)
Net increase/(decrease) in cash and cash equivalents	95	(12,314)	15,520	(13,410)
Cash and cash equivalents at the beginning of financial period/year	87,094	83,983	71,669	85,079
Cash and cash equivalents at the end of financial period/year	87,189	71,669	87,189	71,669

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

	Group		Group	
	4Q FY2019	4Q FY2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
<u>A. Property, plant and equipment</u>				
Current period/year additions to property, plant and equipment	1,118	1,720	2,483	3,872
Less: non-cash movement				
(Increase)/decrease in other payables	(308)	(293)	552	729
Obligation under finance leases	-	-	-	(80)
Write-off of/(provision for) restoration costs	4	(189)	9	(199)
Increase in prepayments	-	-	(349)	-
Net cash outflow for purchase of property, plant and equipment	814	1,238	2,695	4,322
<u>B. Intangible assets</u>				
Current period/year additions to intangible assets	147	88	2,381	2,405
Less: non-cash movement				
Decrease in other payables	25	16	57	132
Net cash outflow for purchase of intangible assets	172	104	2,438	2,537

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	Share based compensation reserve	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	S\$'000
Group								
At 1 October 2018	287,141	(843)	(120,591)	468	(113,030)	-	30,441	83,586
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	5,274	5,274
<u>Contributions by and distributions to owners</u>								
Purchase of treasury shares	-	(130)	-	-	-	-	-	(130)
At 31 December 2018	287,141	(973)	(120,591)	468	(113,030)	-	35,715	88,730
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	4,734	4,734
<u>Contributions by and distributions to owners</u>								
Dividends on ordinary shares	-	-	-	-	-	-	(7,853)	(7,853)
Purchase of treasury shares	-	(101)	-	-	-	-	-	(101)
At 31 March 2019	287,141	(1,074)	(120,591)	468	(113,030)	-	32,596	85,510
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	4,689	4,689
<u>Contributions by and distributions to owners</u>								
Purchase of treasury shares	-	(1,244)	-	-	-	-	-	(1,244)
At 30 June 2019	287,141	(2,318)	(120,591)	468	(113,030)	-	37,285	88,955
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	5,356	5,356
<u>Contributions by and distributions to owners</u>								
Share-based payment expenses (Kimly Performance Share Plan)	-	-	-	-	-	34	-	34
Dividends on ordinary shares	-	-	-	-	-	-	(6,436)	(6,436)
Purchase of treasury shares	-	(16)	-	-	-	-	-	(16)
At 30 September 2019	287,141	(2,334)	(120,591)	468	(113,030)	34	36,205	87,893

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

	← Attributable to owners of the Company →						Other Reserves	
	Share capital	Treasury shares	Merger reserve	Deemed contribution from shareholders of subsidiary under common control	Premium paid on acquisition of non-controlling interests	Retained earnings		Total
	S\$'000	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	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)

Company	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Share based compensation reserve S\$'000	Total equity S\$'000
At 1 October 2018	287,141	(843)	9,883	-	296,181
Loss for the period, representing total comprehensive income for the period	-	-	(167)	-	(167)
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(130)	-	-	(130)
At 31 December 2018	287,141	(973)	9,716	-	295,884
Profit for the period, representing total comprehensive income for the period	-	-	12,779	-	12,779
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	-	-	(7,853)	-	(7,853)
Purchase of treasury shares	-	(101)	-	-	(101)
At 31 March 2019	287,141	(1,074)	14,642	-	300,709
Loss for the period, representing total comprehensive income for the period	-	-	(289)	-	(289)
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(1,244)	-	-	(1,244)
At 30 June 2019	287,141	(2,318)	14,353	-	299,176
Profit for the period, representing total comprehensive income for the period	-	-	2,151	-	2,151
<u>Contributions by and distributions to owners</u>					
Share-based payment expenses (Kimly Performance Share Plan)	-	-	-	34	34
Dividends on ordinary shares	-	-	(6,436)	-	(6,436)
Purchase of treasury shares	-	(16)	-	-	(16)
At 30 September 2019	287,141	(2,334)	10,068	34	294,909

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

Company	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Share based compensation reserve 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	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)(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 July 2019	1,149,247	284,823
Less: Treasury shares	(64)	(16)
Balance as at 30 September 2019	1,149,183	284,807

Treasury Shares

During 4Q FY2019, the Company bought back 64,000 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 8,604,000 treasury shares, representing 0.74% of the total number of shares outstanding as at 30 September 2019 (30 September 2018: 2,397,000 treasury shares, 0.21%). Save for as disclosed, the Company did not have any treasury shares, subsidiary holdings or other convertible instruments as at 30 September 2019 and 30 September 2018.

- 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

	30/9/2019	30/9/2018
Total number of issued shares ('000)	1,157,787	1,157,787
Less: Total number of treasury shares ('000)	(8,604)	(2,397)
Total number of issued shares, excluding treasury shares ('000)	1,149,183	1,155,390

- 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 2018.

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial year on or after 1 January 2018, where applicable. Other than the adoption of new standards that are effective on 1 January 2018, the Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 October 2018. The adoption of these new and revised standards and SFRS(I) have no material impact to the financial statements of the Group for the current financial year.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)", which is effective for Singapore-incorporated companies listed on the Singapore Exchange for annual reporting periods beginning on or after 1 January 2018. The Group has also adopted the new SFRS(I) and Interpretations to SFRS(I)s ("SFRS(I) INT") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2018.

The adoption of these SFRS(I) and SFRS(I) INT did not result in any substantial changes to the Group's accounting policies or have any material effect on the financial statements for the current period reported on.

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 FY2019	4Q FY2018	FY2019	FY2018
Profit attributable to owners of the Company (S\$'000)	5,356	5,696	20,053	21,883
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,149,189	1,155,743	1,153,685	1,157,272
Basic and diluted EPS (cents per share)	0.47	0.49	1.74	1.89

* 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	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
Net asset value ("NAV") (S\$'000)	87,893	83,586	294,909	296,181
Number of ordinary shares in issue ('000)	1,149,183	1,155,390	1,149,183	1,155,390
NAV per ordinary share (cents)	7.65	7.23	25.66	25.63

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\$208.3 million in FY2019 as compared to S\$202.2 million in FY2018. The increase of S\$6.1 million was mainly due to an increase in the revenue contribution from the Food Retail Division of S\$8.6 million, mainly attributable to the revenue contribution from the restaurants and confectionery businesses that were acquired in July 2018, namely Tonkichi and Rive Gauche (the "Tonkichi and RG"). The increase was partially offset by a decrease in the revenue contribution from the Outlet Management Division of S\$2.5 million, mainly due to the cessation of operation of a coffee shop as the lease has expired and was not renewed.

Cost of sales

Cost of sales increased by S\$5.6 million, to S\$167.6 million in FY2019, in-line with the increase in revenue. Cost of sales as a percentage of revenue remains relatively constant at 80.5% in FY2019 compared to 80.1% in FY2018. The increase in cost of sales by S\$5.6 million was mainly due to:

- (a) an increase in employee benefits expense (for Central Kitchen and outlet/stall staff) by S\$2.8 million mainly due to an increase in the number of employees arising from the acquisition of the Tonkichi and RG businesses in 4Q FY2018 as well as increased wages per employee;
- (b) an increase in operating lease expense by S\$1.3 million mainly due to increased rental expense arising from the acquisition of Tonkichi and RG businesses; and offset by decrease in rental due to ceased operation of a coffee shop as the lease has expired and was not renewed.
- (c) an 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, in line with higher bank balances placed as short-term deposits during the financial year.

Other operating income

Other operating income increased by S\$0.4 million mainly due to interest income arising from lower discount rate used in the discounting the non-current refundable deposits relating to rental deposits placed with lessors.

Selling and distribution expenses

Selling and distribution expenses increased by S\$1.2 million mainly due 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\$1.4 million, from S\$14.0 million in FY2018 to S\$15.4 million in FY2019 was due to (i) higher employee benefits expenses of S\$0.7 million mainly due to the increase in headcount and increased salary per employee; and (ii) higher depreciation of property, plant and equipment by S\$0.5 million due to additions in property, plant and equipment and depreciation expense from Tonkichi and RG; and (iii) an increase in repair and maintenance expense of S\$0.1 million.

Finance costs

Finance costs declined by S\$0.2 million due to Nil interest expense arising from the discount implicit in non-current receivables (FY2018: S\$0.2 million). Current year's finance costs of S\$4,000 was in relation to the obligation under finance lease.

Income tax expense

Income tax expense increased by S\$0.7 million mainly due to (i) a decrease in Partial Tax Exemption from Year of Assessment 2020, and removal of Corporate Income Tax Rebate as announced in Budget 2018; and (ii) reversal of overprovision of income tax expense of S\$0.3 million in FY2018 (FY2019: Nil). Effective tax rate was 16.2% in FY2019 compared to 12.7% in FY2018.

8. Review of Group's Financial Position

Non-current assets

The Group's non-current assets decreased by S\$0.9 million primarily due to (i) increase in intangible assets of S\$2.4 million; (ii) additions in property, plant and equipment of S\$2.5 million; offset by depreciation of property, plant and equipment and amortisation of intangible assets of S\$3.1 million and S\$0.6 million respectively; decrease in other receivables (non-current) of S\$2.0 million; and (iii) the decrease in goodwill of S\$0.1 million due to derecognition of deferred tax liabilities arising from the acquisition of Tonkichi and Rive Gauche.

The increase in intangible assets was mainly attributable to (i) lease assignment fee of S\$2.2 million paid to a previous landlord when the lease was transferred to the Group in 3Q FY2019; and (ii) additions to computer software of S\$0.2 million.

8. Review of Group's Financial Position

The additions of property, plant and equipment of S\$2.4 million were attributable to (i) upgrading of the central kitchen, refurbishment, renovation and additions of equipments for existing coffeeshops, foodcourts and food stalls; and (ii) purchase of motor vehicles and renewal of certificate of entitlement.

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\$3.3 million (30 September 2018: S\$5.3 million); (ii) the non-current portion of staff loans amounting to S\$0.2 million as at 30 September 2019 (30 September 2018: S\$0.2 million); and (iii) the Balance Consideration of S\$2.6 million pursuant to the Rescission.

As at 30 September 2019, total refundable deposits placed with lessors (non-current and current) amounted to S\$7.0 million (30 September 2018: S\$6.9 million).

Current assets

The Group's current assets increased by S\$6.2 million mainly due to increase in (i) cash and cash equivalents by S\$15.5 million; (ii) prepayments by S\$1.4 million due to option fees paid in relation to the acquisition of a coffeeshop property located at 143 Teck Whye Lane; and (iii) inventory by S\$0.1 million and partially offset by the decrease in trade and other receivables by S\$10.8 million.

The increase in cash and cash equivalents was mainly due to cash generated from operating activities of S\$36.4 million which was offset by the (i) purchase of property, plant and equipment and intangible assets of S\$2.7 million and S\$2.4 million respectively; (ii) purchase of treasury shares of S\$1.5 million; and (iii) payment of dividends of S\$14.3 million.

The decrease in trade and other receivables was mainly due to repayments of S\$13.4 million from balance consideration of the Rescission as announced in the Company's announcements dated 29 November 2018 and 8 January 2019; offset by (i) an increase in current portion of refundable deposits by S\$2.4 million; and (ii) an increase in trade receivables of S\$0.2 million in line with the increase in revenue.

Current liabilities

The Group's current liabilities increased by S\$1.3 million mainly attributable to increase in (i) trade payables and other payables by S\$0.2 million in line with the increase in cost of sales; (ii) other liabilities by S\$0.5 million mainly due to an increase in accrued payroll expenses; (iii) tax payable by S\$0.4 million; and (iv) current portion of provision of restoration cost of S\$0.2 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.4 million mainly due to (i) a decrease in non-current portion of the provision of restoration costs of S\$0.2 million; (ii) a decrease in tenants' deposits of S\$0.1 million; and (iii) derecognition of deferred tax liabilities arising from the acquisition of Tonkichi and Rive Gauche of S\$0.1 million.

Review of Group's Statement of Cash Flows

The Group's net cash generated from operating activities in FY2019 of S\$36.4 million mainly resulted from (i) operating cash flows before changes in working capital of S\$26.0 million; (ii) net working capital inflows of S\$12.8 million; (iii) interest income received of S\$1.0 million; and offset by income tax paid of S\$3.4 million. The net working capital inflows of S\$12.8 million were due to (i) a decrease in trade and other receivables by S\$13.5 million; (ii) an increase in trade and other payables by S\$0.7 million; and (iii) an increase in other liabilities of S\$0.5 million and partially offset by the increase in prepayments and inventories by S\$1.8 million and S\$0.1 million respectively.

The Group's net cash flows used in investing activities during FY2019 of S\$5.1 million were mainly due to purchase of property, plant and equipment and intangible assets of S\$2.7 million and S\$2.4 million respectively.

The Group's net cash flows used in financing activities of S\$15.8 million during FY2019 were mainly attributable to payment of dividends of S\$14.3 million and purchase of treasury shares of S\$1.5 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 2019, dated 7 August 2019.

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 has undertaken a review of its business strategy to secure more long-term and direct asset ownership of food outlets and food stalls. This review follows recent efforts to enhance the range of food items, as well as enhancement of the central kitchen with a view to integrate preparation and final service of quality food at affordable prices across Singapore's heartlands.

On 1 November 2019, the Group announced the completion of its S\$14.0 million acquisition of a coffeeshop property located in Teck Whye ("TW143 Coffeeshop"). The TW143 Coffeeshop will undergo major enhancement works before the Group introduces new third-party food stalls, Dim Sum stall, drinks stall, and partners with NTUC FoodFare to operate a Mixed Vegetable Rice stall under the Rice Garden brand. The TW143 Coffeeshop was re-opened on 22 November 2019.

Additionally, Jin Wei Food Holdings Pte. Ltd., a wholly-owned subsidiary of the Group, has entered into a non-binding term sheet to acquire interests in a portfolio of coffeeshop leases, coffeeshop units and industrial canteen units. This term sheet is non-binding pending completion of due diligence and valuation of the properties commissioned by the Group.

Upon completion, the proposed acquisition will constitute the largest acquisition by the Group since its initial public offering ("IPO"). The proposed acquisition is part of the Group's ongoing efforts to pursue long term direct ownership of properties where it operates and manages food outlets, so as to enhance shareholder value.

The Group opened three coffeeshops in November 2019 and is expected to open another two in December 2019. The Group has also opened five food stalls and is expected to add another three food stalls at these new coffeeshops, which will bring the total number of food outlets operated by the Group to 72, and the number of food stalls in its food retail division to 135.

The Group continues to be vigilant of the challenges in the local food and beverage industry, including expected slower economic growth in Singapore and the reduction of the Foreign Worker Quota (announced in Budget 2019) which will come into effect over the next two years.

Barring unforeseen circumstances, the Group expects to continue growing its revenue base and remain profitable in the next financial year.

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	0.84 Singapore 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 Singapore 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 and the reason(s) for the decision.

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 30 January 2019.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Vincent Chia as at 30 September 2019 amounted to S\$3,919,000 and S\$146,000 respectively.

On 24 September 2019, the Company's wholly-owned subsidiary, Jin Wei Food Holdings Pte. Ltd., acquired 100% of the issued and fully-paid ordinary shares in the capital of Teck Whye 143 Food House Pte. Ltd. ("TW143") from Mr. Lim Hee Liat for a purchase consideration of S\$10,000 ("Consideration")(the "Acquisition").

The value at risk of the Acquisition is the aggregate amount of the Consideration and the loan in connection with TW143's acquisition of coffeeshop property amounting to S\$1,954,600, which represents 2.3% of the latest audited net tangible assets of the Group as at 30 September 2018. The Acquisition was completed on 1 November 2019. Please refer to the announcements dated 24 September 2019 and 1 November 2019.

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	(16,263)	14,100
Balance Consideration	-	(2,600) ^	(2,600)
Refurbishment and renovation of existing food outlets	3,000	(1,816)	1,184
Headquarters/Central Kitchen upgrading	5,000	(2,151)	2,849
Productivity initiatives/IT	2,000	(1,466)	534
Listing expenses	3,087	(3,087)	-
Total	43,450	(27,383)	16,067

^ On 29 November 2018, the Company has rescinded ab initio its acquisition of Asian Story Corporation Pte. Ltd. ("ASC") ("Rescission"). Pursuant to the Rescission, out of the S\$16.0 million consideration previously paid to the vendor for the acquisition of ASC, S\$13.4 million has been repaid by the vendor and the balance consideration of S\$2.6 million is to be repaid over 3 years from 29 November 2018. The Company has substituted its security over the Share Charge and Assignment in respect of the balance amount of S\$2.6 million over certain quoted equity securities held by the vendor aggregating to S\$2.1 million based on quoted prices as at 22 November 2019.

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
	\$'000	\$'000	\$'000	\$'000	\$'000
FY2019					
Revenue					
Revenue from external customer	111,084	97,215	-	-	208,299
Inter-segment revenue	22,596	21,357	28,437	(72,390)	-
Total revenue	<u>133,680</u>	<u>118,572</u>	<u>28,437</u>	<u>(72,390)</u>	<u>208,299</u>
Results:					
Interest income from short-term deposits	107	79	942	-	1,128
Interest expense	-	-	4	-	4
Amortisation of intangible assets	442	37	94	-	573
Depreciation of property, plant and equipment	1,665	849	542	-	3,056
Employee benefits expense	23,501	28,966	4,791	-	57,258
Gain on disposal of property, plant and equipment	-	9	-	-	9
Interest income from discount implicit in non-current receivables	455	-	-	-	455
Operating lease expenses	34,369	3,747	84	-	38,200
Share-based payment expenses (Kimly Performance Share Plan)	34	-	-	-	34
Write-off of property, plant and equipment	-	10	-	-	10
Segment profit/(loss)	<u>10,392</u>	<u>19,194</u>	<u>(5,643)</u>	<u>-</u>	<u>23,943</u>
Assets:					
Segment assets	<u>35,316</u>	<u>16,132</u>	<u>69,589</u>	<u>-</u>	<u>121,037</u>
Segment liabilities	<u>17,410</u>	<u>8,706</u>	<u>7,028</u>	<u>-</u>	<u>33,144</u>
FY2018					
Revenue					
Revenue from external customer	113,573	88,640	-	-	202,213
Inter-segment revenue	27,079	21,902	40,468	(89,449)	-
Total revenue	<u>140,652</u>	<u>110,542</u>	<u>40,468</u>	<u>(89,449)</u>	<u>202,213</u>
Results:					
Interest income	72	49	524	-	645
Interest expense	-	-	1	-	1
Amortisation of intangible assets	238	36	61	-	335
Depreciation of property, plant and equipment	1,517	509	500	-	2,526
Interest expense from discount implicit in non-current receivables	155	-	-	-	155
Employee benefits expense	23,151	26,431	4,143	-	53,725
Operating lease expenses	34,961	1,819	78	-	36,858
Write-off of property, plant and equipment	207	41	-	-	248
Segment profit/(loss)	<u>11,532</u>	<u>18,769</u>	<u>(5,232)</u>	<u>-</u>	<u>25,069</u>
Assets:					
Segment assets	<u>31,938</u>	<u>17,885</u>	<u>65,945</u>	<u>-</u>	<u>115,768</u>
Segment liabilities	<u>16,134</u>	<u>9,048</u>	<u>7,000</u>	<u>-</u>	<u>32,182</u>

* 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		
	FY2019 S\$'000	FY2018 S\$'000	Increase %
Sales reported for:			
(a) First half of the financial year	104,144	99,325	4.9
(b) Second half of the financial year	104,155	102,888	1.2
	<u>208,299</u>	<u>202,213</u>	<u>3.0</u>
Profit attributed to owners of the Company reported for:			
(a) First half of the financial year	10,008	11,201	(10.7)
(b) Second half of the financial year	10,045	10,682	(6.0)
	<u>20,053</u>	<u>21,883</u>	<u>(8.4)</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	
	FY2019 S\$'000	FY2018 S\$'000
Ordinary Dividends		
Interim dividends	6,436	3,242
Final dividends [#]	9,653	7,853
Total	<u>16,089</u>	<u>11,095</u>

[#]The proposed final one-tier tax exempt dividends in respect of FY2019 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	51	Brother of Peh Oon Kee (substantial shareholder)	Outlet supervisor since FY2006	No change
Ng Han Keow	58	Brother of Ng Lay Beng (substantial shareholder)	Operation Manager since FY2001, resigned on 30 June 2019, rejoined on 1 October 2019	No change

BY ORDER OF THE BOARD

Wong Kok Yoong
Finance Director
26 November 2019