

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

PART I – INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors of Neo Group Limited is pleased to announce the consolidated results of the Group for the financial year ended 31 March 2016 (“FY 2016”). The figures presented below have not been audited.

Consolidated Statement of Comprehensive Income	Group		
	FY 2016 ⁽¹⁾ (Unaudited)	14M 2015 ⁽²⁾ (Audited)	Increase/ (Decrease)
	\$'000	\$'000	%
Revenue	125,418	77,401	62.0%
Other items of income			
Interest income	7	13	-46.2%
Other income	7,414	2,142	246.1%
Items of expense			
Purchases and consumables used	(50,163)	(21,558)	132.7%
Changes in inventories	567	463	22.5%
Delivery expenses	(4,584)	(2,574)	78.1%
Employee benefits expense	(37,385)	(25,126)	48.8%
Depreciation and amortisation expenses	(7,173)	(4,177)	71.7%
Advertising expenses	(5,412)	(3,011)	79.7%
Operating lease expenses	(7,327)	(5,225)	40.2%
Utilities	(4,068)	(3,190)	27.5%
Other expenses	(10,466)	(5,876)	78.1%
Finance costs	(1,611)	(452)	256.4%
Profit before income tax	5,217	8,830	-40.9%
Income tax expense	(987)	(1,427)	-30.8%
Profit for the financial year/period	4,230	7,403	-42.9%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Loss on fair value changes of available-for-sale financial asset	-	(23)	-100.0%
Reclassification adjustments on fair value of available-for-sale financial asset	230	-	N.M.
Exchange differences arising from translation of foreign operation	274	-	N.M.
Income tax relating to items that may be reclassified subsequently	-	-	N.M.
Other comprehensive income for the financial year/period, net of tax	504	(23)	-2291.3%
Total comprehensive income for the financial year/period	4,734	7,380	-35.9%

1(a)(i) Consolidated Statement of Comprehensive Income (continued)

Consolidated Statement of Comprehensive Income	Group		
	FY 2016⁽¹⁾	14M 2015⁽²⁾	Increase/ (Decrease)
	(Unaudited)	(Audited)	%
	\$'000	\$'000	
Profit/(Loss) attributable to:			
Owners of the parent	6,062	7,403	-18.1%
Non-controlling interests	(1,832)	-	N.M.
	<u>4,230</u>	<u>7,403</u>	-42.9%
Total comprehensive income attributable to:			
Owners of the parent	6,442	7,380	-12.7%
Non-controlling interests	(1,708)	-	N.M.
	<u>4,734</u>	<u>7,380</u>	-35.9%

⁽¹⁾ "FY 2016" denotes 12 months for the financial year ended 31 March 2016.

⁽²⁾ "14M 2015" denotes 14 months for the financial period from 1 February 2014 to 31 March 2015.

"N.M." denotes not meaningful.

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

Profit for the financial year/period is arrived at after crediting/(charging) the following:

	Group		
	FY 2016	14M 2015	Increase/ (Decrease)
	(Unaudited)	(Audited)	(Decrease)
	\$'000	\$'000	%
Interest income	7	13	-46.2%
Allowance for impairment loss on third parties trade receivables written-back	-	13	-100.0%
Gain from bargain purchase on acquisition of CT Vegetables and its subsidiaries	3,453	-	N.M.
Dividend income	18	34	-47.1%
Foreign exchange gain, net	15	-	N.M.
Gain on disposal of asset classified as held for sale	672	-	N.M.
Government grants	1,567	1,098	42.7%
Rental income	408	179	127.9%
(Loss)/Gain on disposal of property, plant and equipment	(23)	455	-105.1%
Amortisation of intangible assets	(152)	(67)	126.9%
Depreciation of investment properties	(65)	(49)	32.7%
Depreciation of property, plant and equipment	(6,956)	(4,061)	71.3%
Bad third parties trade receivables written off	(25)	(2)	1150.0%
Fair value loss on derivative financial instruments	(82)	-	N.M.
Impairment loss on available-for-sale financial asset	(270)	-	N.M.
Impairment loss on property, plant and equipment	(271)	-	N.M.
Inventories written down	(10)	(8)	25.0%
Plant and equipment written off	(102)	(71)	43.7%
Finance costs	(1,611)	(452)	256.4%
Over-provision of income tax expense in prior financial years	452	53	752.8%
Over/(Under)-provision of deferred income tax in prior financial years	38	(92)	-141.3%

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.

1(b)(i) Statements of Financial Position

	Group		Company	
	As at		As at	
	31/3/2016 (Unaudited) \$'000	31/3/2015 (Audited) \$'000	31/3/2016 (Unaudited) \$'000	31/3/2015 (Audited) \$'000
ASSETS				
Current assets				
Inventories	9,044	1,542	-	-
Trade and other receivables	17,293	5,649	6,550	5,915
Prepayments	1,099	561	11	9
Cash and cash equivalents	11,628	7,600	379	678
	39,064	15,352	6,940	6,602
Assets classified as held for sale	1,043	788	-	-
Total current assets	40,107	16,140	6,940	6,602
Non-current assets				
Property, plant and equipment	75,947	36,014	14	13
Investment properties	2,786	1,064	-	-
Other intangible assets	7,452	362	10	11
Goodwill	2,095	-	-	-
Investments in subsidiaries	-	-	21,351	6,586
Other receivables	197	197	2,211	-
Available-for-sale financial asset	630	671	630	671
Total non-current assets	89,107	38,308	24,216	7,281
TOTAL ASSETS	129,214	54,448	31,156	13,883
EQUITY				
Capital and reserves				
Share capital	7,899	6,399	7,899	6,399
Merger reserves	(326)	(326)	-	-
Fair value adjustment account	-	(230)	-	(230)
Foreign currency translation reserve	150	-	-	-
Retained earnings	22,875	18,336	3,748	3,554
Equity attributable to owners of the parent	30,598	24,179	11,647	9,723
Non-controlling interests	5,660	-	-	-
Total equity	36,258	24,179	11,647	9,723

1(b)(i) Statements of Financial Position (continued)

	Group		Company	
	As at		As at	
	31/3/2016 (Unaudited) \$'000	31/3/2015 (Audited) \$'000	31/3/2016 (Unaudited) \$'000	31/3/2015 (Audited) \$'000
LIABILITIES				
Current liabilities				
Trade and other payables	19,892	7,009	5,083	4,137
Provisions	400	313	-	-
Bank borrowings	30,852	5,256	-	-
Finance lease payables	2,012	578	-	-
Derivative financial liabilities	82	-	-	-
Income tax payable	1,519	1,402	23	23
Total current liabilities	54,757	14,558	5,106	4,160
Non-current liabilities				
Other payables	-	-	14,403	-
Bank borrowings	31,026	14,962	-	-
Finance lease payables	2,495	342	-	-
Deferred tax liabilities	4,678	407	-	-
Total non-current liabilities	38,199	15,711	14,403	-
TOTAL LIABILITIES	92,956	30,269	19,509	4,160
TOTAL EQUITY AND LIABILITIES	129,214	54,448	31,156	13,883

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand	As at 31/03/2016 (Unaudited) \$'000		As at 31/03/2015 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
	Bank borrowings	21,459	9,393	1,874
Finance lease payables	2,012	-	578	-

Amount repayable after one year	As at 31/03/2016 (Unaudited) \$'000		As at 31/03/2015 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
	Bank borrowings	30,796	230	14,581
Finance lease payables	2,495	-	342	-

Details of any collateral:

As at 31 March 2016, the Group's borrowings comprised bank borrowings and finance lease payables.

Bank borrowings

Bank borrowings of \$21.46 million repayable within one year or less or on demand, and \$30.80 million repayable after one year were both secured by the legal mortgage in favour of the banks over the following properties at:

(i) 8A Admiralty Street #06-01 and #06-02; (ii) 50 Tuas Avenue 11 #02-12; (iii) 16 Jalan Kilang Timor #03-07; (iv) 5 units of leasehold properties at Enterprise Road; (v) 1 factory building at 14 Joo Koon Circle; (vi) 1 factory building at 14 Senoko Way; and (vii) land held for development at 30B Quality Road in Singapore, and 1 factory building at 8 Jalan Istimewa 8, Johor, Malaysia.

The remaining bank borrowings of approximately \$9.39 million repayable within one year or less or on demand, and \$0.23 million repayable after one year were unsecured.

Finance lease payables

The Group's obligations under finance leases of \$2.01 million repayable within one year or less or on demand, and \$2.50 million repayable after one year were secured by the leased assets.

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.

1(c) Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows	Group	
	FY 2016	14M 2015
	(Unaudited)	(Audited)
	\$'000	\$'000
Operating activities		
Profit before income tax	5,217	8,830
Adjustments for:		
Bad third parties trade receivables written off	25	2
Gain from bargain purchase on acquisition of CT Vegetables and its subsidiaries	(3,453)	-
Depreciation and amortisation expenses	7,173	4,177
Dividend income	(18)	(34)
Fair value loss on derivative financial instruments	82	-
Gain on disposal of assets classified as held for sale	(672)	-
Impairment loss on available-for-sale financial asset	270	-
Impairment loss on investments properties	271	-
Interest expense	1,611	452
Interest income	(7)	(13)
Inventories written down	10	8
Loss/(Gain) on disposal of plant and equipment	23	(455)
Plant and equipment written off	102	71
Operating cash flows before working capital changes	10,634	13,038
Working capital changes:		
Inventories	(3,499)	(420)
Trade and other receivables	(346)	(2,788)
Prepayments	(352)	(47)
Trade and other payables	(858)	2,089
Provisions	43	(59)
Cash generated from operations	5,622	11,813
Income taxes paid	(880)	(1,319)
Net cash from operating activities	4,742	10,494
Investing activities		
Acquisitions of subsidiaries, net of cash acquired	(9,614)	-
Purchase of property, plant and equipment	(5,208)	(11,314)
Purchase of intangible assets	(187)	(186)
Proceeds from disposal of property, plant and equipment	462	901
Proceeds from disposal of assets classified as held for sale	1,460	-
Interest received	7	15
Dividend income	18	34
Net cash used in investing activities	(13,062)	(10,550)

1(c) Consolidated Statement of Cash Flows (continued)

	Group	
	FY 2016	14M 2015
	(Unaudited)	(Audited)
	\$'000	\$'000
Financing activities		
Fixed deposits pledged with bank	10	10
Drawdown of bank borrowings	49,210	7,844
Repayment of bank borrowings	(33,126)	(3,783)
Repayment of finance lease payables	(1,786)	(769)
Dividends paid	(1,523)	(3,687)
Interest paid	(1,611)	(409)
Net cash from/(used in) financing activities	11,174	(794)
Net change in cash and cash equivalents	2,854	(850)
Effect of foreign exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of financial year/period	7,559	8,409
Cash and cash equivalents at end of financial year/period	10,413	7,559

Cash and cash equivalents comprise:

	Group	
	As at	
	31/3/2016	31/3/2015
	(Unaudited)	(Audited)
	\$'000	\$'000
Cash on hand and at bank	11,597	7,559
Fixed deposits	31	41
Cash and cash equivalents as per statement of financial position	11,628	7,600
Less: Fixed deposits pledged	(31)	(41)
Bank overdraft	(1,184)	-
Cash and cash equivalents as per consolidated statement of cash flows	10,413	7,559

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

1(d)(i) Statements of Changes in Equity

Group	Share capital \$'000	Merger reserves \$'000	Fair value adjustment account \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Total equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Current Financial Year:								
Balance at 1 April 2015	6,399	(326)	(230)	-	18,336	24,179	-	24,179
Profit for the financial year	-	-	-	-	6,062	6,062	(1,832)	4,230
Other comprehensive income:								
Reclassification adjustments on fair value of available-for-sale financial asset	-	-	230	-	-	230	-	230
Exchange differences arising from translation of foreign operations	-	-	-	150	-	150	124	274
Total comprehensive income for the financial year	-	-	230	150	6,062	6,442	(1,708)	4,734
Transactions with non-controlling interests:								
Acquisition of subsidiaries	1,500	-	-	-	-	1,500	7,368	8,868
Total transactions with non-controlling interests	1,500	-	-	-	-	1,500	7,368	8,868
Distribution to owners of the parent:								
Dividends	-	-	-	-	(1,523)	(1,523)	-	(1,523)
Total transactions with owners of the parent	-	-	-	-	(1,523)	(1,523)	-	(1,523)
Balance at 31 March 2016	7,899	(326)	-	150	22,875	30,598	5,660	36,258

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

1(d)(i) Statements of Changes in Equity (continued)

Group	Share capital \$'000	Merger reserves \$'000	Fair value adjustment account \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Total equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Preceding Financial Period:								
Balance at 1 February 2014	6,399	(326)	(207)	-	14,619	20,485	-	20,485
Profit for the financial period	-	-	-	-	7,403	7,403	-	7,403
Other comprehensive income:								
Loss on fair value changes of available-for-sale financial asset	-	-	(23)	-	-	(23)	-	(23)
Total comprehensive income for the financial period	-	-	(23)	-	7,403	7,380	-	7,380
Distribution to owners of the parent:								
Dividends	-	-	-	-	(3,686)	(3,686)	-	(3,686)
Total transactions with owners of the parent	-	-	-	-	(3,686)	(3,686)	-	(3,686)
Balance at 31 March 2015	6,399	(326)	(230)	-	18,336	24,179	-	24,179

1(d)(i) Statements of Changes in Equity (continued)

Company	Share capital \$'000	Fair value adjustment account \$'000	Retained earnings \$'000	Total equity attributable to owners \$'000
Current Financial Year:				
Balance at 1 April 2015	6,399	(230)	3,554	9,723
Profit for the financial year	-	-	1,717	1,717
Other comprehensive income:				
Reclassification adjustments on fair value of available-for-sale financial asset	-	230	-	230
Total comprehensive income for the financial year	-	230	1,717	1,947
Transactions with owners:				
Share issued for acquisition of subsidiaries	1,500	-	-	1,500
Dividends	-	-	(1,523)	(1,523)
Total transactions with owners	1,500	-	(1,523)	(23)
Balance at 31 March 2016	7,899	-	3,748	11,647
Preceding Financial Period:				
Balance at 1 February 2014	6,399	(207)	2,566	8,758
Profit for the financial period	-	-	4,674	4,674
Other comprehensive income:				
Loss on fair value changes of available-for-sale financial asset	-	(23)	-	(23)
Total comprehensive income for the financial period	-	(23)	4,674	4,651
Distribution to owners:				
Dividends	-	-	(3,686)	(3,686)
Total transactions with owners	-	-	(3,686)	(3,686)
Balance at 31 March 2015	6,399	(230)	3,554	9,723

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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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.

	Number of Ordinary Shares	Issued and Paid-up \$
Balance at 1 April 2015	144,000,000	6,399,133
Issue of ordinary shares pursuant to the completion of the Thong Siek Acquisition in June 2015	1,000,000	900,000
Issue of ordinary shares pursuant to the completion of the CT Vegetables Acquisition in November 2015	907,100	600,000
Balance at 31 March 2016	145,907,100	7,899,133

As at 31 March 2016, the Company had an issued and paid-up share capital of S\$7,899,133 comprising 145,907,100 ordinary shares in issue. As at 1 April 2015 and 31 March 2016, the Company did not have any outstanding options, warrants or other instrument convertible into securities of the Company.

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

	Company	
	As at	
	31/3/2016	31/3/2015
Total number of issued shares excluding treasury shares	145,907,100	144,000,000

There were no treasury shares as at 31 March 2016 and 31 March 2015.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company does not have any treasury shares.

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

The figures have not been audited nor 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

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

The financial results for the current period have been prepared using the same accounting policies and methods of computation as presented in the Group's most recently audited financial statements for the financial year ended 31 March 2015.

5. If there were 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 adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2015. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. Earnings per ordinary share of the company for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per share ("EPS")

	Group	
	FY 2016 (Unaudited)	14M 2015 (Audited)
Profit attributable to owners of the parent (\$'000)	6,062	7,403
Weighted average/Actual number of ordinary shares ⁽¹⁾	145,170,084	144,000,000
Basic and diluted EPS based on weighted average/actual number of ordinary shares (cents) ⁽²⁾	4.18	5.14

Notes:

- (1) Basic EPS is computed by dividing the profit attributable to owners of the parent in each financial year/period by the weighted average/actual number of issued ordinary shares outstanding during the respective financial year/period. In June 2015, the Company issued 1,000,000 new ordinary shares in its capital pursuant to the Thong Siek Acquisition and in November 2015, the Company issued 907,100 new ordinary shares in its capital pursuant to the CT Vegetables Acquisition.
- (2) Diluted EPS is the same as the basic EPS for all the periods under review as the Company did not have any outstanding instruments convertible into rights to subscribe for, and options in respect of its ordinary shares during the respective financial periods.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of:**
- (a) **current period reported on; and**
- (b) **immediately preceding financial year**

Net asset value ("NAV")	Group		Company	
	As at		As at	
	31/3/2016 (Unaudited)	31/3/2015 (Audited)	31/3/2016 (Unaudited)	31/3/2015 (Audited)
NAV (\$'000)	30,598	24,179	11,647	9,723
Number of ordinary shares	145,907,100	144,000,000	145,907,100	144,000,000
NAV per ordinary share (cents)	20.97	16.79	7.98	6.75

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (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 period reported on.**

The Group made a change of financial year from 31 January to 31 March in the preceding financial period, which covered a 14-month period ("**14M 2015**") whereas the current financial year covers a 12-month period ("**FY 2016**"). As such, the percentage change in revenue, items of expense and net profit compared with the previous financial period is partly due to the different length of the corresponding year.

8(a). Review of Financial Performance

Revenue

For the financial year ended 31 March 2016 ("**FY 2016**"), the Group registered \$125.42 million in revenue, an increase of \$48.02 million or 62.0%, as compared to \$77.40 million for the previous corresponding financial period ("**14M 2015**"). The increase was mainly driven by new acquisitions.

The Food Catering Business increased by \$5.40 million or 9.4% from \$57.33 million in 14M 2015 to \$62.73 million in FY 2016. On an annualised basis, the revenue increased by \$13.38 million or 27.1%. The increase was attributable to effective marketing efforts of broadcast and print advertising, as well as promotions introduced to celebrate SG50.

The Food Retail Business decreased by \$1.68 million or 8.8% from \$19.17 million in 14M 2015 to \$17.49 million in FY 2016. On an annualised basis, the revenue increased by \$0.71 million or 4.2%. As at 31 March 2016, our Food Retail Business operated 27 outlets compared to 25 outlets as at 31 March 2015. The F&B sector in which it operates was challenging for the Group during FY 2016 with the adverse news coverage relating to Group B Streptococcus ("**GBS**") bacterial infection and prolonged spell of haze leading to a drop in footfalls on the Group's outlets. However, this was partially mitigated by the growth in the delivery sales.

Newly-acquired Thong Siek Group, comprising Thong Siek Holdings Pte. Ltd., Thong Siek Food Industry Pte Ltd, Dodo Marketing Pte. Ltd., TSF Engineering Pte. Ltd. and TS Food Industry Sdn Bhd (collectively, the "Food Manufacturing Business") contributed 10 months' revenue of \$37.27 million in FY 2016 from the date of acquisition on 12 June 2015.

Also newly-acquired CT Vegetables Group, comprising CT Vegetables & Fruits Pte Ltd, CT Fresh Pte. Ltd. and Cool Fresh Marketing Pte. Ltd. (collectively, the "Food Trading Business") contributed 5 months' revenue of \$7.50 million in FY 2016 from the date of acquisition on 5 November 2015.

Other income

Other income was \$7.41 million in FY 2016 as compared to \$2.14 million in 14M 2015. It increased by \$5.27 million or 246.3%. The increase was mainly due to a fair value uplift of properties which resulted in a gain from bargain purchase of \$3.45 million from the newly-acquired Food Trading Business and a gain on disposal of a property which was classified as held for sale of \$0.67 million. The increase was also contributed by the increase in government grants and rental income of \$0.47 million and 0.23 million respectively during the financial year.

Purchases and consumables used

Purchases and consumables used increased by \$28.60 million or 132.7% to \$50.16 million in FY 2016 from \$21.56 million in 14M 2015. The increase was mainly due to an increase in higher food prices and consumables expenses as a result of the consolidation of costs incurred by the Food Manufacturing Business and Food Trading Business segments after the acquisitions were completed in June 2015 and November 2015 respectively. Generally, Food Manufacturing Business and Food Trading Business segments have lower gross profit margin compared to the Food Catering Business, and hence the percentage increase in purchases and consumables used was higher than the percentage increase in revenue.

The increase in Food Catering Business's purchases and consumables used was mainly due to the increase in its revenue.

Delivery expenses

Delivery expenses increased by \$2.01 million or 78.1% to \$4.58 million in FY 2016 as compared to \$2.57 million in 14M 2015. This arose from additional logistics expenses to support the increase in orders from the Food Catering Business, the delivery business in Food Retail, and the consolidation of logistics expenses incurred by the Group's newly-acquired Food Manufacturing and Food Trading Businesses.

Employee benefits expense

Employee benefits expense increased by \$12.26 million or 48.8% to \$37.39 million in FY 2016 as compared to \$25.13 million in 14M 2015. This was mainly due to the consolidation of employee benefits expense from the Group's newly-acquired Food Manufacturing and Food Trading Businesses.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by \$2.99 million or 71.7% from \$4.18 million in 14M 2015 to \$7.17 million in FY 2016. This was mainly attributable to the consolidation of depreciation and amortisation expenses from the Group's newly-acquired Food Manufacturing and Food Trading Businesses.

Advertising expenses

Advertising expenses increased by \$2.40 million or 79.7% from \$3.01 million in 14M 2015 to \$5.41 million in FY 2016. This was mainly due to expenses incurred for the various marketing promotional tools used to create a constant interaction with the targeted customers during FY 2016.

Operating lease expenses

Operating lease expenses increased by \$2.10 million or 40.2% from \$5.23 million in 14M 2015 to \$7.33 million in FY 2016. This was mainly due to the consolidation of operating lease expenses from the Group's newly-acquired Food Manufacturing and Food Trading Businesses.

Utilities

Utilities increased by \$0.88 million or 27.5% from \$3.19 million in 14M 2015 to \$4.07 million in FY 2016. The increase was mainly due to the consolidation of utilities expenses from the Group's newly-acquired Food Manufacturing and Food Trading Businesses, as well as a higher electricity tariff contracts which were committed by the Food Manufacturing and Food Trading Businesses.

Other expenses

Other expenses increased by \$4.59 million or 78.1% from \$5.88 million in 14M 2015 to \$10.47 million in FY 2016. This was largely attributable to the increase in professional and legal fees, courses and training expenses, credit card charges, low value assets items expensed off, IT expenses, upkeep of motor vehicles expenses, impairment loss on property, plant and equipment and available-for-sale, and the expenses incurred by the Group's newly-acquired Food Manufacturing and Food Trading Businesses.

Finance costs

Finance costs increased by approximately \$1.16 million or 256.4% from \$0.45 million in 14M 2015 to \$1.61 million in FY 2016 mainly due to the increase in bank borrowings to fund the acquisition of subsidiaries, plant and equipment, and purchase of materials and consumables in FY 2016.

Profit before income tax

The Group's profit before income tax decreased by \$3.61 million or 40.9% from a profit of \$8.83 million in 14M 2015 to a profit of \$5.22 million in FY 2016. The decrease in profit before income tax was mainly due to the consolidation of results from the Group's newly-acquired Food Manufacturing Business, as well as the weak performance in the Food Retail Business.

This was offset by a gain relating to a fair value uplift of \$3.45 million arising from the properties from the newly-acquired Food Trading Business and \$0.67 million gain on disposal of asset classified as held for sale.

Income tax expense

The income tax expense of the Group decreased by only \$0.44 million or 30.8% from \$1.43 million in 14M 2015 to \$0.99 million in FY 2016 because of the tax provided on profitable businesses offset by those non-profitable businesses which tax losses cannot be utilised under group tax relief.

Profit for the financial year/period

The Food Catering Business remained profitable in FY 2016. However, the non-profitable Food Retail and Food Manufacturing Businesses impacted the Group's bottom line negatively. This was mitigated by the fair value uplift of the properties from the Food Trading Business and gain on disposal of asset classified as held for sale.

As a result of the above, the Group's profit after income tax and attributable to the owners of the parent decreased by \$1.34 million or 18.1% from a profit of \$7.40 million in 14M 2015 to a profit of \$6.06 million in FY 2016, while the net loss attributable to non-controlling interests was \$1.83 million. On an annualised basis, the profit after income tax and attributable to the owners of the parent increased by \$0.74 million or 13.9%.

8(b). Review of Financial Position

Current assets

The Group's current assets increased by \$23.97 million from \$16.14 million as at 31 March 2015 to \$40.11 million as at 31 March 2016. The Group's inventories increased by \$7.50 million due to the higher inventory held in both Food and Catering Supplies and Food Manufacturing Businesses. The increase in trade and other receivables of \$11.64 million resulted from the longer credit terms granted in the Food Manufacturing Business, as well as more deposits for outlets, hostel, and utilities. Cash and cash equivalents increased by \$4.03 million to \$11.63 million as at 31 March 2016 from \$7.60 million as at 31 March 2015.

The Group's assets classified as held for sale with a total carrying amount of \$0.79 million as at 31 March 2015 was disposed to a third party in April 2015 for a cash consideration of \$1.46 million. The total carrying amount of \$1.04 million as at 31 March 2016 relates to the properties being disposed off to third parties and which are expected to complete in July and August 2016.

Non-current assets

The Group's non-current assets increased substantially by \$50.80 million from \$38.31 million as at 31 March 2015 to \$89.11 million as at 31 March 2016 primarily due to the recognition of property, plant and equipment, investment properties, other intangible assets and goodwill of \$37.34 million, \$2.86 million, \$7.05 million and \$2.10 million respectively upon the acquisition of new subsidiaries.

Current liabilities

The Group's current liabilities increased by \$40.20 million from \$14.56 million as at 31 March 2015 to \$54.76 million as at 31 March 2016. This was mainly attributable to the drawdown of bank borrowings to finance the acquisition of subsidiaries and plant and machinery, an increase of \$12.88 million in trade and other payables, as well as an increase of \$1.43 million in finance lease payables.

Non-current liabilities

The Group's non-current liabilities increased by \$22.49 million from \$15.71 million as at 31 March 2015 to \$38.20 million as at 31 March 2016 primarily due to the drawdown of bank borrowings to finance the acquisition of subsidiaries, motor vehicles and plant and machinery during the financial year.

Net current liability position

As at 31 March 2016, the Group was in a net current liability position of \$14.65 million mainly due to the effects of the acquisition of the Food Manufacturing Business and losses in the Food Retail Business.

Taking into consideration that the Group's intended disposal of certain of its properties and based on the Group's internal budget and cash flow planning, the Board of Directors of the Company ("**Directors**") believe that the Group would be able to meet its short-term obligations as and when they fall due. In the short term, the net current liability position of the Group is expected to deteriorate further due to the Group's recent acquisition of a property at 22 Senoko Way. However, barring unforeseen circumstances, the Directors believe that the Group's negative working capital position would be overcome in the longer term as the Group realises the synergistic benefits of the acquisition of the Food Manufacturing Business and implementing new initiatives to increase efficiency and productivity for Food Retail Business.

8(c). Review of Cash Flows

The Group's net cash generated from operating activities in FY 2016 of \$4.74 million, mainly resulted from operating cash flows before working capital changes of \$10.63 million offset by a decrease in net working capital of \$5.01 million and payment of income taxes of \$0.88 million.

The decrease in net working capital was mainly due to the increase in inventories of \$3.50 million, the increase in trade and other receivables of \$0.35 million, the increase in prepayments of \$0.35 million, and decrease in trade and other payables of \$0.86 which was offset by the increase in provisions of \$0.04 million.

The Group's net cash flows used in investing activities of \$13.06 million during FY 2016 were mainly attributable to the net cash used in acquisition of subsidiaries of \$9.61 million, purchase of plant and equipment which included renovation of \$5.21 million and purchase of intangible assets of \$0.19 million, which was offset by the proceeds of \$1.46 million from disposal of asset classified as held for sale, proceeds of \$0.46 million from disposal of property, plant and equipment and dividend income received of \$0.02 million.

The Group's net cash flows from financing activities of \$11.17 million during FY 2016 were mainly due to the drawdown from bank borrowings of \$49.21 million, offset by the repayment of bank borrowings of \$33.13 million, repayment of finance lease payables of \$1.79 million, dividends paid of \$1.52 million and interest payment of \$1.61 million.

As a result of the above, the net increase in cash and cash equivalents during FY 2016 was \$2.85 million.

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

As per the previous commentary relating to the Group's profitability for the full financial year ending 31 March 2016 ("FY2016") contained in Paragraph 10 of the Company's results announcement for the 3Q2016 dated 4 February 2016, the Group's overall financial performance for the full FY2016 was in line with the Directors' expectation.

An impairment loss of \$0.27 million relating to its available-for-sale financial assets (comprising securities quoted on the Singapore Exchange) was recognised for FY2016.

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 expects the outlook of the catering industry to remain positive, albeit a challenging environment in the food and beverage industry due to increasing operational related costs.

With strong market leadership and vertically-integrated value chain, the Group's Food Catering Business is expected to continue growing. The Group is committed to continually improve and refresh its product offerings and customer experience. The Group has intensified marketing efforts in this segment to boost sales, and continued its efforts to pursue corporate clients for a more sustainable income stream.

The Group's Food Retail Business is in the midst of implementing new initiatives to increase efficiency and productivity in its retail stores, such as streamlining its menus, adopting the use of technology and closely monitoring raw materials costs to enhance operating margins. Concurrently, it also review the pricing strategies, product mix and concepts to better cater to customers' demands, as well as collaborating with external vendors to increase delivery sales.

Following the vertical expansion of the Group's value chain into Food Manufacturing and Food Trading Businesses, the Group intends to seek for achievement in back-end integration with its newly-acquired businesses, in order to reap business synergies and margin efficiencies through economies of scale. Since the date of the acquisition of the Food Trading Business, it consistently remain positive and growth by the synergy with other business segments of the Group.

Barring unforeseen circumstances and depending on how quickly the Group is able to successfully integrate its new acquisitions, the Directors believe that the Group's businesses are expected to remain profitable.

11. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes, a proposed final cash dividend of 1.00 Singapore cents per share was proposed for the financial year ended 31 March 2016.

b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes, a proposed final cash dividend of 1.05 Singapore cents per share was proposed for the financial period ended 31 March 2015.

- c. **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

The dividend is one-tier tax exempt.

- d. **The date the dividend is payable**

The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting and the date of payment will be announced at a later date.

- e. **Books closure date**

Notice will be given at a later date on the closure of the Share Transfer Books and Register of Members of the Company to determine members' entitlement to the dividend.

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

Not applicable.

13. Interested person transactions

The Group did not obtain any general mandate from shareholders for interested person transactions. The aggregate value of the interested person transactions entered into by the Group during FY 2016 are set out below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u> (excluding transactions less than \$100,000) \$'000
Neo Kah Kiat		
(i) Office premise lease expense	98.8	-
(ii) GUI Solutions Pte Ltd		
- Cost of goods and services purchased	241.4	-
- Rental and utilities income	24.0	-
Neo Kah Kiat and Liew Oi Peng		
(i) Office premise lease expense	208.2	-
(ii) Twinkle Investment Pte Ltd		
- Office premise lease expense	99.9	-
- Rental of yacht	240.0	-

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for operating 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.

Segment Information	Food catering business \$'000	Food retail business \$'000	Food and catering supplies \$'000	Food manufacturing \$'000	Food trading business \$'000	Other business \$'000	Unallocated \$'000	Elimination \$'000	Total \$'000
Group									
31 March 2016									
Revenue									
External revenue	62,595	17,486	343	36,932	7,108	954	-	-	125,418
Inter-segment revenue	132	-	37,481	339	389	682	-	(39,023)	-
Total revenue by segment	62,727	17,486	37,824	37,271	7,497	1,636	-	(39,023)	125,418
Results									
Segment results	11,527	(347)	1,466	(1,748)	1,187	(151)	2,371	(3,735)	10,570
Interest income	436	-	185	-	34	-	-	(648)	7
Interest expenses	(755)	(23)	(318)	(686)	(135)	(54)	(23)	383	(1,611)
Depreciation of property, plant and equipment	(3,436)	(976)	(413)	(1,688)	(294)	(142)	(7)	-	(6,956)
Depreciation of investment properties	-	-	-	-	-	-	(65)	-	(65)
Amortisation of intangible assets	(120)	(7)	(13)	-	-	(6)	(6)	-	(152)
Plant and equipment written off	(73)	-	-	(29)	-	-	-	-	(102)
(Loss)/Gain on disposal of property, plant and equipment	9	(1)	(1)	(25)	-	(5)	-	-	(23)
Gain on disposal of assets classified as held for sale	-	-	-	-	-	-	672	-	672
Other non-cash expenses:									
- Bad third parties trade receivables written off	(3)	(1)	-	(21)	-	-	-	-	(25)
- Gain on bargain purchase on acquisition of CT Vegetables and its subsidiaries	-	-	-	-	-	-	3,453	-	3,453
- Impairment loss on available-for-sale financial assets	-	-	-	-	-	-	(270)	-	(270)
- Impairment loss on investment properties	-	-	-	-	-	-	(271)	-	(271)
- Inventories written down	-	-	(9)	-	-	(1)	-	-	(10)
Profit/(Loss) before income tax	7,585	(1,355)	897	(4,197)	792	(359)	5,854	(4,000)	5,217
Income tax expenses									(987)
Profit for the financial year									4,230

14. **Segmented revenue and results for operating 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. (Continued)**

Segment Information	Food catering business \$'000	Food retail business \$'000	Food and catering supplies \$'000	Other business \$'000	Unallocated \$'000	Elimination \$'000	Total \$'000
Group							
31 March 2015							
Revenue							
External revenue	57,330	19,166	427	478	-	-	77,401
Inter-segment revenue	1	-	17,695	102	-	(17,798)	-
Total revenue by segment	57,331	19,166	18,122	580	-	(17,798)	77,401
Results							
Segment results	13,254	749	1,023	(382)	4,047	(5,619)	13,072
Interest income	9	-	-	-	4	-	13
Interest expenses	(347)	(22)	(36)	(24)	(23)	-	(452)
Depreciation of property, plant and equipment	(2,766)	(906)	(376)	(10)	(3)	-	(4,061)
Depreciation of investment properties	-	-	-	-	(49)	-	(49)
Amortisation of intangible assets	(46)	(4)	(11)	(3)	(3)	-	(67)
Plant and equipment written off	(42)	(5)	(24)	-	-	-	(71)
Gain on disposal of property, plant and equipment	-	-	-	-	455	-	455
Other non-cash expenses:							
- Inventories written down	-	-	-	(8)	-	-	(8)
- Bad third parties trade receivables written off	(2)	-	-	-	-	-	(2)
Profit/(Loss) before income tax	10,060	(188)	576	(427)	4,428	(5,619)	8,830
Income tax expenses							(1,427)
Profit for the financial year							7,403

15. In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Refer to section 8 for details.

16. A breakdown of sales

	FY 2016 \$'000	14M 2015 \$'000
Sales reported for:		
3 months ended 30 June	20,733	-
3 months ended 30 September/6 months ended 31 July	31,313	28,001
3 months ended 31 December	37,815	-
3 months ended 31 March/8 months ended 31 March	35,557	49,400
Total	125,418	77,401
Net profit/(loss) for the year/period reported for:		
3 months ended 30 June	141	-
3 months ended 30 September/6 months ended 31 July	(349)	2,516
3 months ended 31 December	4,103	-
3 months ended 31 March/8 months ended 31 March	335	4,887
Total	4,230	7,403

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

	FY 2016 \$	14M 2015 \$
Total annual ordinary dividend		
Interim (Tax exempt 1-tier)	-	1,512,000
Final (Tax exempt 1-tier)	1,459,071	1,522,500
Total	1,459,071	3,034,500

18. Requirement under Rule 704(10) of the Listing Manual Section B: Rules of Catalyst

Pursuant to Rule 704(10) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”), the Company confirms that the following personnel occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company during the year. Details are as follows:

Name of relative	Age	Family relationship with any director and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Neo Kar King	43	Brother of Neo Kah Kiat Brother-in-law of Liew Oi Peng	Quality Assurance Manager Re-appointed in 2014 Responsible for Research and Develop/Production Planning.	Not applicable
Liew Oi Yen	46	Sister-in-law of Neo Kah Kiat Sister of Liew Oi Peng and Liew Choh Khing	Director (Operations) Appointed in 2012 Responsible for the operations of the food production in the Orange Clove Central Kitchen	No change

19. 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)

In view of the latest guideline in relation to Rule 720(1) of the SGX-ST Catalist Rules, the Company confirms that it has procured signed undertakings from all its Directors and executive officers based on the revised format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD

Neo Kah Kiat
Chairman and Chief Executive Officer
26 May 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST"), Listing Manual Section B: Rules of Catalist. The Sponsor has not independently 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 correctness of any of the statements or opinions made or reports contained in this announcement.

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