



**Kimly Limited**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201613903R)

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**Unaudited Financial Statements and Dividend Announcement  
For the half year ended 31 March 2020**

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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) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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 statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

**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**

|  | <b>Group</b>                 |                              | <b>Increase/<br/>(Decrease)<br/>%</b> |
|--|------------------------------|------------------------------|---------------------------------------|
|  | <b>1H FY2020<br/>S\$'000</b> | <b>1H FY2019<br/>S\$'000</b> |                                       |
| <b>Revenue</b>   | 107,385                      | 104,144                      | 3.1                                   |
| Cost of sales  | (84,163)                     | (83,727)                     | 0.5                                   |
| <b>Gross profit</b>  | 23,222                       | 20,417                       | 13.7                                  |
| <b>Other item of income</b>  |                              |                              |                                       |
| Finance income   | 516                          | 493                          | 4.7                                   |
| Other operating income   | 2,816                        | 1,537                        | 83.2                                  |
| <b>Other items of expense</b>  |                              |                              |                                       |
| Selling and distribution expenses  | (3,219)                      | (2,564)                      | 25.5                                  |
| Administrative expenses  | (8,854)                      | (7,979)                      | 11.0                                  |
| Finance costs  | (1,491)                      | (2)                          | N.M                                   |
| Other operating expense  | (388)                        | (242)                        | 60.3                                  |
| <b>Profit before tax</b>   | 12,602                       | 11,660                       | 8.1                                   |
| Income tax expense   | (2,060)                      | (1,652)                      | 24.7                                  |
| <b>Profit for the period, representing total comprehensive income for the period and attributable to owners of the Company</b> | <u>10,542</u>                | <u>10,008</u>                | 5.3                                   |

Notes:

- (1) 1H denotes financial period from 1 October to 31 March  
(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/(crediting) the following:

|  | Group     |           | Increase/  |
|--|-----------|-----------|------------|
|  | 1H FY2020 | 1H FY2019 | (Decrease) |
|  | S\$'000   | S\$'000   | %          |
| Amortisation of intangible assets                        | 343       | 242       | 41.7       |
| Depreciation of property, plant and equipment            | 1,855     | 1,538     | 20.6       |
| Depreciation of right-of-use assets                      | 14,856    | -         | N.M        |
| Directors' fees  | 100       | 100       | -          |
| Employee benefits expense                                | 29,190    | 28,701    | 1.7        |
| Finance costs  |           |           |            |
| - Lease liabilities                                      | 1,433     | -         | N.M        |
| - Loan and borrowing                                     | 57        | -         | N.M        |
| - Obligation under finance lease                         | -         | 2         | N.M        |
| Finance income   | (539)     | (493)     | 9.3        |
| Rental expense on short term leases and low value assets | 3,516     | -         | N.M        |
| Operating lease expenses                                 | -         | 19,170    | N.M        |
| Write-off of property, plant and equipment               | 45        | -         | N.M        |

**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               |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | 31/3/2020             | 30/9/2019             | 31/3/2020             | 30/9/2019             |
|                                       | S\$'000               | S\$'000               | S\$'000               | S\$'000               |
| <b>ASSETS</b>                         |                       |                       |                       |                       |
| <b>Non-current assets</b>             |                       |                       |                       |                       |
| Property, plant and equipment         | 24,818                | 9,724                 | -                     | -                     |
| Intangible assets                     | 5,618                 | 5,961                 | -                     | -                     |
| Right-of-use assets                   | 102,777               | -                     | -                     | -                     |
| Investment in subsidiaries            | -                     | -                     | 238,997               | 238,997               |
| Deferred tax assets                   | 354                   | 354                   | -                     | -                     |
| Other receivables                     | 5,310                 | 6,072                 | 1,300                 | 2,600                 |
| Prepayments                           | 4,513                 | -                     | -                     | -                     |
|                                       | <u>143,390</u>        | <u>22,111</u>         | <u>240,297</u>        | <u>241,597</u>        |
| <b>Current assets</b>                 |                       |                       |                       |                       |
| Trade and other receivables           | 16,426                | 8,409                 | 15,405                | 9,963                 |
| Inventories                           | 1,592                 | 1,129                 | -                     | -                     |
| Prepayments                           | 127                   | 2,199                 | 5                     | 10                    |
| Cash and bank balances                | 75,003                | 87,189                | 47,808                | 55,369                |
|                                       | <u>93,148</u>         | <u>98,926</u>         | <u>63,218</u>         | <u>65,342</u>         |
| <b>Total assets</b>                   | <b><u>236,538</u></b> | <b><u>121,037</u></b> | <b><u>303,515</u></b> | <b><u>306,939</u></b> |
| <b>Current liabilities</b>            |                       |                       |                       |                       |
| Trade and other payables              | 21,445                | 19,638                | 5,771                 | 10,981                |
| Other liabilities                     | 8,722                 | 7,619                 | 601                   | 1,011                 |
| Interest-bearing loans and borrowings | 242                   | -                     | -                     | -                     |
| Obligation under finance lease        | -                     | 27                    | -                     | -                     |
| Lease liabilities                     | 29,041                | -                     | -                     | -                     |
| Provision for restoration costs       | 461                   | 496                   | -                     | -                     |
| Provision for taxation                | 4,266                 | 3,900                 | 26                    | 38                    |
|                                       | <u>64,177</u>         | <u>31,680</u>         | <u>6,398</u>          | <u>12,030</u>         |
| <b>Net current assets</b>             | <b><u>28,971</u></b>  | <b><u>67,246</u></b>  | <b><u>56,820</u></b>  | <b><u>53,312</u></b>  |
| <b>Non-current liabilities</b>        |                       |                       |                       |                       |
| Interest-bearing loans and borrowings | 5,679                 | -                     | -                     | -                     |
| Obligation under finance lease        | -                     | 20                    | -                     | -                     |
| Lease liabilities                     | 76,454                | -                     | -                     | -                     |
| Deferred tax liabilities              | 367                   | 367                   | -                     | -                     |
| Other payables                        | 742                   | 693                   | -                     | -                     |
| Provision for restoration costs       | 418                   | 384                   | -                     | -                     |
|                                       | <u>83,660</u>         | <u>1,464</u>          | <u>-</u>              | <u>-</u>              |
| <b>Total liabilities</b>              | <b><u>147,837</u></b> | <b><u>33,144</u></b>  | <b><u>6,398</u></b>   | <b><u>12,030</u></b>  |
| <b>Net assets</b>                     | <b><u>88,701</u></b>  | <b><u>87,893</u></b>  | <b><u>297,117</u></b> | <b><u>294,909</u></b> |

**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**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>31/3/2020</b> | <b>30/9/2019</b> | <b>31/3/2020</b> | <b>30/9/2019</b> |
|  | <b>S\$'000</b>   | <b>S\$'000</b>   | <b>S\$'000</b>   | <b>S\$'000</b>   |
| <b>Equity attributable to owners of the Company</b>      |                  |                  |                  |                  |
| Share capital  | 287,141          | 287,141          | 287,141          | 287,141          |
| Treasury shares  | (2,484)          | (2,334)          | (2,484)          | (2,334)          |
| Share based compensation reserve                         | 101              | 34               | 101              | 34               |
| Other reserves   | (120,123)        | (120,123)        | -                | -                |
| Premium paid on acquisition of non-controlling interests | (113,030)        | (113,030)        | -                | -                |
| Retained earnings  | 37,096           | 36,205           | 12,359           | 10,068           |
| <b>Total equity</b>                                      | <b>88,701</b>    | <b>87,893</b>    | <b>297,117</b>   | <b>294,909</b>   |
| <b>Total equity and liabilities</b>                      | <b>236,538</b>   | <b>121,037</b>   | <b>303,515</b>   | <b>306,939</b>   |

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

**Amount repayable in one year or less, or on demand**

| As at 31/3/2020    |                      | As at 30/9/2019    |                      |
|--------------------|----------------------|--------------------|----------------------|
| Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| 270                | -                    | 27                 | -                    |

**Amount repayable after one year**

| As at 31/3/2020    |                      | As at 30/9/2019    |                      |
|--------------------|----------------------|--------------------|----------------------|
| Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| 5,685              | -                    | 20                 | -                    |

**Details of any collateral**

The interest-bearing loans and borrowings and obligation under finance lease are secured by the following:

- a leasehold property located at 143 Teck Whye Lane #01-243, Singapore 680143
- assignment of rental proceeds in respect of the leasehold property
- corporate guarantee issued by the Company to its subsidiary
- a charge over the respective leased motor vehicle

United Overseas Bank Limited has granted a Money Market Loan facility of S\$1.8 million to the Group. The facility is secured by the property at 13 Woodlands Link. As at 31 December 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         |               |
|--|---------------|---------------|
|  | 1H FY2020     | 1H FY2019     |
|  | S\$'000       | S\$'000       |
| <b>Operating activities</b>  |               |               |
| Profit before tax  | 12,602        | 11,660        |
| <u>Adjustments for:</u>  |               |               |
| Amortisation of intangible assets                                  | 343           | 242           |
| Depreciation of property, plant and equipment                      | 1,855         | 1,538         |
| Depreciation of right-of-use assets                                | 14,856        | -             |
| Finance costs  | 1,490         | 2             |
| Finance income   | (539)         | (493)         |
| Share-based payment expenses (Kimly Performance Share Plan)        | 67            | -             |
| Write off of property, plant and equipment                         | 45            | -             |
| Total adjustments  | 18,117        | 1,289         |
| <b>Operating cash flows before changes in working capital</b>      | 30,719        | 12,949        |
| <u>Change in working capital</u>                                   |               |               |
| (Increase)/decrease in trade and other receivables                 | (4,442)       | 13,519        |
| Increase in inventories  | (463)         | (182)         |
| (Increase)/decrease in prepayments                                 | (4,427)       | 205           |
| Increase in trade and other payables                               | 1,702         | 1,403         |
| Decrease in other liabilities                                      | 1,103         | (2,016)       |
| Total changes in working capital                                   | (6,527)       | 12,929        |
| <b>Cash flows from operations</b>                                  | 24,192        | 25,878        |
| Interest received  | 609           | 454           |
| Income taxes paid  | (1,694)       | (1,747)       |
| <b>Net cash generated from operating activities</b>                | 23,107        | 24,585        |
| <b>Investing activities</b>  |               |               |
| Purchase of property, plant and equipment (Note A)                 | (14,932)      | (1,572)       |
| Purchase of intangible assets (Note B)                             | (53)          | (97)          |
| <b>Net cash used in investing activities</b>                       | (14,985)      | (1,669)       |
| <b>Financing activities</b>  |               |               |
| Dividends paid on ordinary shares                                  | (9,651)       | (7,853)       |
| Interest paid  | (57)          | (2)           |
| Proceeds from loans and borrowings                                 | 6,000         | -             |
| Purchase of treasury shares  | (150)         | (231)         |
| Repayment of obligation under finance lease                        | -             | (12)          |
| Repayment of loans and borrowings                                  | (80)          | -             |
| Repayment of lease liabilities                                     | (16,370)      | -             |
| <b>Net cash used in financing activities</b>                       | (20,308)      | (8,098)       |
| <b>Net (decrease)/increase in cash and bank balances</b>           | (12,186)      | 14,818        |
| <b>Cash and bank balances at the beginning of financial period</b> | 87,189        | 71,669        |
| <b>Cash and bank balances at the end of financial period</b>       | <b>75,003</b> | <b>86,487</b> |

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

|  | Group         |              |
|--|---------------|--------------|
|  | 1H FY2020     | 1H FY2019    |
|  | S\$'000       | S\$'000      |
| <b><u>A. Property, plant and equipment</u></b>                 |               |              |
| Current year additions to property, plant and equipment        | 17,125        | 1,198        |
| Less:  |               |              |
| (Increase)/reduction from other payables                       | (208)         | 718          |
| Provision for restoration costs                                | -             | 5            |
| Prepayments  | (1,985)       | (349)        |
| Net cash outflow for purchase of property, plant and equipment | <u>14,932</u> | <u>1,572</u> |
| <b><u>B. Intangible assets</u></b>                             |               |              |
| Current year additions to intangible assets                    | -             | 27           |
| Less:  |               |              |
| Reduction from other payables                                  | 53            | 70           |
| Net cash outflow for purchase of intangible assets             | <u>53</u>     | <u>97</u>    |



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statements of Changes in Equity

|   | Attributable to owners of the Company |                 |                  |  |  |                                  |                   | Total equity  |
|---|---------------------------------------|-----------------|------------------|--|--|----------------------------------|-------------------|---------------|
|   | Share capital                         | Treasury shares | Other Reserves   |  |  |                                  | Retained earnings |               |
|   |                                       |                 | Merger reserve   | Deemed contribution from shareholders of subsidiary under common control | Premium paid on acquisition of non-controlling interests | Share based compensation reserve |                   |               |
| S\$'000   | S\$'000                               | S\$'000         | S\$'000          | S\$'000  | S\$'000  | S\$'000                          | S\$'000           |               |
| <b>Group</b>  |                                       |                 |                  |  |  |                                  |                   |               |
| <b>At 1 October 2019</b>  | <b>287,141</b>                        | <b>(2,334)</b>  | <b>(120,591)</b> | <b>468</b>   | <b>(113,030)</b>   | <b>34</b>                        | <b>36,205</b>     | <b>87,893</b> |
| Profit for the period, representing total comprehensive income for the period | -                                     | -               | -                | -  | -  | -                                | 10,542            | 10,542        |
| <u>Contributions by and distributions to owners</u>                           |                                       |                 |                  |  |  |                                  |                   |               |
| Dividends on ordinary shares  | -                                     | -               | -                | -  | -  | -                                | (9,651)           | (9,651)       |
| Share-based payment expenses (Kimly Performance Share Plan)                   | -                                     | -               | -                | -  | -  | 67                               | -                 | 67            |
| Purchase of treasury shares   | -                                     | (150)           | -                | -  | -  | -                                | -                 | (150)         |
| <b>Balance as at 31 March 2020</b>  | <b>287,141</b>                        | <b>(2,484)</b>  | <b>(120,591)</b> | <b>468</b>   | <b>(113,030)</b>   | <b>101</b>                       | <b>37,096</b>     | <b>88,701</b> |
| <b>At 1 October 2018</b>  | <b>287,141</b>                        | <b>(843)</b>    | <b>(120,591)</b> | <b>468</b>   | <b>(113,030)</b>   | <b>-</b>                         | <b>30,441</b>     | <b>83,586</b> |
| Profit for the period, representing total comprehensive income for the period | -                                     | -               | -                | -  | -  | -                                | 10,008            | 10,008        |
| <u>Contributions by and distributions to owners</u>                           |                                       |                 |                  |  |  |                                  |                   |               |
| Dividends on ordinary shares  | -                                     | -               | -                | -  | -  | -                                | (7,853)           | (7,853)       |
| Purchase of treasury shares   | -                                     | (231)           | -                | -  | -  | -                                | -                 | (231)         |
| <b>Balance as at 31 March 2019</b>  | <b>287,141</b>                        | <b>(1,074)</b>  | <b>(120,591)</b> | <b>468</b>   | <b>(113,030)</b>   | <b>-</b>                         | <b>32,596</b>     | <b>85,510</b> |

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

| Company   | Share capital<br>S\$'000 | Treasury shares<br>S\$'000 | Retained earnings<br>S\$'000 | Share based compensation reserve<br>S\$'000 | Total equity<br>S\$'000 |
|---|--------------------------|----------------------------|------------------------------|---|-------------------------|
| <b>At 1 October 2019</b>  | <b>287,141</b>           | <b>(2,334)</b>             | <b>10,068</b>                | <b>34</b>                                   | <b>294,909</b>          |
| Loss for the period, representing total comprehensive income for the period   | -                        | -                          | 11,942                       | -   | 11,942                  |
| <u>Contributions by and distributions to owners</u>                           |                          |                            |                              |   |                         |
| Dividends on ordinary shares  | -                        | -                          | (9,651)                      | -   | (9,651)                 |
| Share-based payment expenses (Kimly Performance Share Plan)                   | -                        | -                          | -                            | 67  | 67                      |
| Purchase of treasury shares   | -                        | (150)                      | -                            | -   | (150)                   |
| <b>Balance as at 31 March 2020</b>  | <b>287,141</b>           | <b>(2,484)</b>             | <b>12,359</b>                | <b>101</b>                                  | <b>297,117</b>          |
| <b>At 1 October 2018</b>  | <b>287,141</b>           | <b>(843)</b>               | <b>9,883</b>                 | <b>-</b>                                    | <b>296,181</b>          |
| Profit for the period, representing total comprehensive income for the period | -                        | -                          | 12,612                       | -   | 12,612                  |
| <u>Contributions by and distributions to owners</u>                           |                          |                            |                              |   |                         |
| Dividends on ordinary shares  | -                        | -                          | (7,853)                      | -   | (7,853)                 |
| Purchase of treasury shares   | -                        | (231)                      | -                            | -   | (231)                   |
| <b>Balance as at 31 March 2019</b>  | <b>287,141</b>           | <b>(1,074)</b>             | <b>14,642</b>                | <b>-</b>                                    | <b>300,709</b>          |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.**

| <b><u>Share Capital – Ordinary Shares</u></b> | <b>Number of issued shares ('000)</b> | <b>Issued and paid-up capital (\$'000)</b> |
|---|---------------------------------------|--|
| Balance as at 1 October 2019                  | 1,149,183                             | 284,807                                    |
| Less: Treasury shares                         | (740)                                 | (150)                                      |
| <b>Balance as at 31 March 2020</b>            | <b>1,148,443</b>                      | <b>284,657</b>                             |

**Treasury Shares**

During 1H FY2020, the Company had bought back 740,000 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 9,343,800 treasury shares, representing 0.81% (31 March 2019: 0.29%) of the total number of shares outstanding as at 31 March 2020 (31 March 2019: 3,319,200). Save for as disclosed, the Company did not have any treasury shares, subsidiary holdings or other convertible instruments as at 31 March 2020 and 31 March 2019.

- 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.**

|  | <b>31/3/2020</b> | <b>30/9/2019</b> |
|--|------------------|------------------|
| Total number of issued shares ('000)         | 1,157,787        | 1,157,787        |
| Less: Total number of treasury shares ('000) | (9,344)          | (8,604)          |
| <b>Total number of issued shares ('000)</b>  | <b>1,148,443</b> | <b>1,149,183</b> |

- 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 period reported on.

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

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

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

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

- 3. Where the figures have been audited and 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.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

**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, 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 2019.

**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 accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

**SFRS(I) 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

In addition, the Group elected the following practical expedients:

- (i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- (ii) to apply the exemption not to recognize right-of-use asset and lease liabilities to lease for which the lease term ends within 12 months as of 1 October 2019;
- (iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (iv) used hindsight in determining the lease term where the contract contained options to extend or terminate the lease; and
- (v) to recognise amounts of ROU assets equal to its lease liabilities at 1 October 2019.

The effects on adoption of SFRS(I) 16 on 1 October 2019 are set below:

|                                | <b>Increase/<br/>(decrease)<br/>S\$'000</b> |
|--------------------------------|---|
| Property, plant and equipment  | (130)                                       |
| Right-of-use assets            | 100,969                                     |
| Lease liabilities              | 100,886                                     |
| Obligation under finance lease | <u>(47)</u>                                 |

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

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>1H FY2020</b> | <b>1H FY2019</b> |
| Profit attributable to owners of the Company (S\$'000)      | 10,542           | 10,008           |
| Weighted average number of ordinary shares in issue ('000)* | 1,148,969        | 1,153,877        |
| Basic and diluted EPS (cents per share)                     | 0.92             | 0.87             |

\* The weighted average number of shares takes into account the share buy-backs transacted during the respective period.

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

- (a) Current period reported on; and**
- (b) Immediately preceding financial year**

|   | <b>Group</b>     |                  | <b>Company</b>   |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>31/3/2020</b> | <b>30/9/2019</b> | <b>31/3/2020</b> | <b>30/9/2019</b> |
| Net asset value ("NAV") (S\$'000)         | 88,701           | 87,893           | 297,117          | 294,909          |
| Number of ordinary shares in issue ('000) | 1,148,443        | 1,149,183        | 1,148,443        | 1,149,183        |
| NAV per ordinary share (S\$ cents)        | 7.72             | 7.65             | 25.87            | 25.66            |

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.

#### **Consolidated Statement of Comprehensive Income** **1H FY2020 compared to 1H FY2019**

##### Revenue

The Group recorded revenue of S\$107.4 million in 1H FY2020 as compared to S\$104.1 million in 1H FY2019. The increase of S\$3.2 million or 3.1% was mainly due to the revenue contribution from five (5) new coffeeshops and eight (8) food stalls opened in November and December 2019.

##### Cost of sales

Cost of sales, which comprised mainly beverages, tobacco products and food ingredients, employee benefits expense (Central Kitchen and food outlet staff), depreciation of right-of-use assets pertaining to leases of coffeeshops, restaurants and confectionery shops, rental expense on short term leases and low value assets, utilities and cleaning charges, increased by S\$0.4 million, to S\$84.2 million in 1H FY2020, in line with the increase in revenue. Cost of sales as a percentage of revenue has decreased by 2.0%, from 80.4% in 1H FY2019 to 78.4% in 1H FY2020.

##### Gross profit

Overall gross profit increased by S\$2.8 million or 13.7% from S\$20.4 million in 1H FY2019 to S\$23.2 million in 1H FY2020. Gross profit margin increased by 2.0%, from 19.6% in 1H FY2019 to 21.6% in 1H FY2020.

##### Other operating income

Other operating income increased by S\$1.3 million mainly due to (i) sub-lease income of S\$1.1 million, which was due to the adoption of SFRS(I) 16, whereby certain sub-leases to tenants are classified as finance leases, the right-of-use assets relating to the head lease was derecognised and sub-lease rental receivables was recognised. The difference between the right-of-use assets and the sub-lease rental receivables was recognised as sub-lease income; and (ii) insurance claims of S\$0.2 million.

##### Selling and distribution expenses

Selling and distribution expenses increased by S\$0.7 million due to (i) higher online delivery fees in line with the increase in volume of orders and (ii) increase in cleaning and packaging materials used in line with the increase in revenue.

##### Administrative expenses

The increase of S\$0.9 million, from S\$8.0 million in 1H FY2019 to S\$8.9 million in 1H FY2020 was due mainly to: (i) higher depreciation of property, plant and equipment by S\$0.3 million due to assets purchased since FY2019; (ii) depreciation of right-of-use assets of S\$0.3 million which was recognised upon the adoption of SFRS(I) 16 with effect from 1 October 2019; (iii) higher repair and maintenance expense by S\$0.2 million; and (vi) higher employee benefits expense by S\$0.1 million due to increase in headcount and salaries.

##### Finance costs

The increase of S\$1.5 million in finance costs was mainly due to interest expense from the unwinding of lease liabilities arising from adoption of SFR(I) 16 Leases, as described in Section 5.

##### Other operating expenses

Other operating expenses include write-off of property, plant and equipment, amortisation of software and lease assignment fees. The increase of S\$0.1 million was primarily due to higher amortisation of lease assignment fee and software purchased.

##### Income tax expense

Income tax expense increased by S\$0.4 million or 24.7% from S\$1.7 million in 1H FY2019 to S\$2.1 million in 1H FY2020, in line with the increase in profit before tax. The effective tax rate was 16.3% for 1H FY2020 (16.2% for FY2019).

#### **Consolidated Statements of financial position**

***The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 March 2020 and 30 September 2019.***

##### Non-current assets

The Group's non-current assets increased by S\$121.3 million from S\$22.1 million as at 30 September 2019 to S\$143.4 million as at 31 March 2020 mainly due to (i) adjustment arising from adoption of SFRS(I) 16 for leases, resulting in recognition of right-of-use assets of S\$117.6 million; (ii) purchase of a leasehold property located at 143 Teck Whye Lane #01-243, Singapore 680143 ("TW143 coffee shop") of S\$14.4 million; (iii) deposits and stamp duty of S\$4.5 million in relation to the proposed acquisition of a portfolio of food outlet properties as announced on 21 February 2020; and (iv) renovation and additions of equipment for the new coffee shops (opened in 1H FY2020) and refurbishment work for existing coffeeshops of S\$2.7 million.

## **8. Consolidated Statements of financial position (cont'd)**

The increase was offset by (i) depreciation of property, plant and equipment of S\$1.9 million; (ii) depreciation of right-of-use assets of S\$14.9 million; (iii) amortisation of intangible assets of S\$0.3 million and (iv) decrease in other receivables of S\$0.8 million.

Other receivables (non-current) comprise (i) the refundable deposits relating to rental deposits placed with lessors for the leases of coffee shops which are due in more than one year and recoverable upon termination or expiration of the leases, amounting to S\$3.3 million and (ii) staff loans amounting to S\$0.1 million as at 31 March 2020 (30 September 2019: S\$3.3 million and S\$0.2 million respectively); (iii) the Balance Consideration of S\$1.3 million pursuant to the Rescission; and (iv) sub-lease rental receivables arising from adoption of SFRS(I) 16 of S\$0.6 million.

As at 31 March 2020, total refundable deposits placed with lessors (non-current and current) amounted to S\$7.3 million (30 September 2019: S\$7.0 million).

### Current assets

The Group's current assets decreased by S\$5.8 million due mainly to decrease in cash and bank balances and prepayments by S\$12.2 million and S\$2.1 million respectively. The increase was offset by the increase in (i) trade and other receivables of S\$8.0 million; and (ii) inventories of S\$0.5 million.

The increase in trade and other receivables was due to (i) adjustment arising from adoption of SFRS(I) 16 for Leases, resulting in recognition of sub-lease rental receivables of S\$2.2 million; (ii) reclassification of the Balance Consideration of S\$1.3 million pursuant to the Rescission (repayable by the vendor by 29 November 2020) to current receivables; (iii) government grant and enhanced rental waiver receivable of S\$4.0 million; and (iv) increase in trade receivables of S\$0.5 million, in line with increase in revenue.

The decrease in prepayments was mainly due to (i) reclassification of prepayments to property, plant and equipment upon completion of renovation work at certain coffeeshops and upon completion of acquisition of TW143 coffeeshop of S\$0.2 million and S\$1.8 million respectively; and (ii) amortisation of prepaid expenses by S\$0.1 million.

The decrease in cash and bank balances was mainly due to cash used in (i) balance consideration of purchase of TW143 coffeeshop of S\$12.6 million; (ii) purchase of property, plant and equipment and computer software of S\$2.4 million; (iii) payment for final dividends of S\$9.7 million; (iv) repayment of lease liabilities and its related interest expense of S\$16.4 million; and (v) purchase of treasury shares of S\$0.2 million, which was offset by the cash generated from operating activities of S\$23.1 million and proceeds from loans and borrowings of S\$6.0 million.

### Current liabilities

The Group's current liabilities increased by S\$32.5 million mainly due to (i) adjustment arising from adoption of SFRS(I) 16 Leases, resulting in recognition of lease liabilities of S\$29.0 million; (ii) increase in trade payables by S\$1.0 million in line with the increase in cost of sales; (iii) increase in other payables due to enhanced rental waiver payable to tenants of S\$0.8 million; (iv) increase in other liabilities due to deferred revenue from government grant and enhanced rental waiver of S\$3.2 million, offset by S\$2.1 million due to payment of staff bonuses in January 2020; (v) increase in interest-bearing loans and borrowings (current portion) of S\$0.2 million; and (vi) increase in tax payable by S\$0.4 million.

### Non-current liabilities

The Group's non-current liabilities increased by S\$82.2 million mainly due to (i) adjustment arising from adoption of SFRS(I) 16 Leases, resulting in recognition of lease liabilities of S\$76.4 million; and (ii) interest-bearing loans and borrowings of S\$5.7 million drawdown in November 2019 for the purchase of TW143 coffeeshop.

## **Consolidated Statements of Cash Flows**

The Group's net cash generated from operating activities in 1H FY2020 of S\$23.1 million mainly resulted from (i) operating cash flows before changes in working capital of S\$30.7 million and (ii) interest income received of S\$0.6 million; offset by (i) net working capital outflows of S\$6.5 million; and (ii) income taxes paid of S\$1.7 million.

The Group's net cash flows used in investing activities during 1H FY2020 of S\$15.0 million were due to the purchase property, plant and equipment and intangible assets of S\$14.9 million and S\$0.1 million respectively.

The Group's net cash flows used in financing activities of S\$20.3 million were mainly attributable to (i) repayment of lease liabilities of S\$16.4 million; (ii) purchase of treasury shares of S\$0.2 million; (iii) dividends paid on ordinary shares of S\$9.7 million; and was offset by proceeds from loans and borrowings of S\$6.0 million for the purchase of TW143 coffeeshop.

**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 full year ended 30 September 2019, dated 26 November 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 food and beverage ("F&B") industry is expected to face challenges arising from the competitive landscape in the industry. The reduction of the Foreign Worker Quota (announced in Budget 2019) coupled with increasing rental and raw material costs will pose mounting pressure to the local F&B players.

The Group will continue to leverage on technology and other innovative features in both its Central Kitchen capabilities and at the operational front. These will boost productivity and reduce the reliance on labour in view of the tightening Foreign Worker Quota. Nonetheless, the Group will stay focused in carrying out its four-pronged growth strategy to overcome these challenges.

The COVID-19 global pandemic has seriously and adversely impacted economic growth prospects in Singapore. The Group's coffeeshops, canteens and food courts remain in operation but only for takeaway and delivery services during the period of the Circuit Breaker from 7 April 2020 to 1 June 2020. However, lesser footfall could be seen at these places during the circuit breaker. In line with the further tightening of circuit breaker measures recently, the Group has suspended operations at its six Rive Gauche outlets and Cake Central Kitchen facility but the Group does not expect the suspension to have any material impact on the Group's revenue.

The Group is mindful of the challenges posed by COVID-19 pandemic, which negative impact has been mitigated to an extent by grants from the government and rental waiver and property rebates from landlords. It is difficult to predict how long the situation in Singapore would take to normalise given the lingering uncertainties. Thus, the Group will continue to monitor the situation closely and respond accordingly.

On 21 February 2020, Jin Wei Food Holdings Pte. Ltd., a wholly-owned subsidiary of the Group, has entered into definitive agreements to acquire a S\$55.815 million portfolio of food outlet properties, comprising 4 coffeeshops, 3 industrial canteen units and 1 restaurant unit. This is the largest acquisition by the Group since its Initial Public Offering. It is also part of the Group's ongoing endeavours to pursue long-term direct ownership in the properties where the food outlets operated and managed by the Group are located.

Moving ahead, the Group will continue exploring similar opportunities to increase its own portfolio of food outlets with the view of enhancing long-term shareholder value and to mitigate the uncertainties in the private leasing category which could be influenced by market competition.

Barring any unforeseen circumstances, the Group expects to continue to grow its business and remain profitable for FY2020.

**11. Dividend**

**Decision regarding dividend has been made, the required information has been disclosed.**

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

Despite a challenging economic environment, the Group remains profitable for 1H FY2020 and in a healthy net cash position. Therefore, the Group wishes to reward shareholders for their continued loyalty and support by declaring an interim dividend as detailed below.

**(b)(i) Amount per share:**

0.28 Singapore cents per ordinary share

**(b)(ii) Previous corresponding period**

0.56 Singapore cents per ordinary share

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

The interim dividend is one-tier tax exempt.

**(d) The date the dividend is payable**

The interim dividend will be paid on or about 15 July 2020.

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

3 July 2020

**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 21 January 2020.

There were no interested person transactions entered into that exceeded S\$100,000 for 1H FY2020.

**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 of the 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:

|  | <b>Allocated<br/>S\$'000</b> | <b>Utilised<br/>S\$'000</b> | <b>Balance<br/>S\$'000</b> |
|--|------------------------------|-----------------------------|----------------------------|
| Acquisitions and joint ventures and general business expansion (including establishment of new food outlets) | 30,363                       | (22,012)                    | 8,351                      |
| Balance Consideration  | -                            | (2,600) ^                   | (2,600)                    |
| Refurbishment and renovation of existing food outlets  | 3,000                        | (1,899)                     | 1,101                      |
| Headquarters/Central Kitchen upgrading   | 5,000                        | (2,151)                     | 2,849                      |
| Productivity initiatives/IT  | 2,000                        | (1,544)                     | 456                        |
| Listing expenses   | 3,087                        | (3,087)                     | -                          |
| <b>Total</b>   | <b>43,450</b>                | <b>(33,293)</b>             | <b>10,157</b>              |

^ 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 ("Securities") held by the vendor aggregating to S\$1.6 million based on quoted prices as at 31 March 2020. The Company has also received \$98,000 of dividend income from the Securities as at 31 March 2020.

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

**16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual**

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the half year ended 31 March 2020 to be false or misleading in any material aspect.



**17. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A**

**Incorporation of a new subsidiary**

The Group has incorporated a new wholly-owned subsidiary in Singapore, Northstar (2001) Pte. Ltd. (“Northstar”), with an initial issued and paid-up share capital of S\$10,000 divided into 10,000 ordinary shares to be wholly held by the Company’s wholly-owned subsidiary, Jin Wei Food Holdings Pte. Ltd.. Please refer to the Company's announcement on 22 January 2020 for further details on the new subsidiary.

**BY ORDER OF THE BOARD**

Wong Kok Yoong  
Finance Director  
11 May 2020