

**Unaudited Financial Statements and Dividend Announcement for the Six-Month Period Ended 30 September 2019**

**PART I – INFORMATION REQUIRED FOR THE SECOND QUARTER 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.**

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

|  | Group                                    |                             |                         | Group                                    |                             |                         |
|--|--|-----------------------------|-------------------------|--|-----------------------------|-------------------------|
|  | 2Q <sup>1</sup> 2019/2020<br>(Unaudited) | 2Q 2018/2019<br>(Unaudited) | Increase/<br>(Decrease) | 1H <sup>2</sup> 2019/2020<br>(Unaudited) | 1H 2018/2019<br>(Unaudited) | Increase/<br>(Decrease) |
|  | \$'000                                   | \$'000                      | %                       | \$'000                                   | \$'000                      | %                       |
| Revenue  | 48,728                                   | 42,023                      | 16.0%                   | 91,106                                   | 80,660                      | 13.0%                   |
| <b>Other items of income</b>   |  |                             |                         |  |                             |                         |
| Interest income  | 51                                       | -                           | N.M. <sup>3</sup>       | 101                                      | 43                          | 134.9%                  |
| Other income   | 460                                      | 480                         | -4.2%                   | 969                                      | 846                         | 14.5%                   |
| <b>Items of expense</b>  |  |                             |                         |  |                             |                         |
| Purchases and consumables used   | (20,008)                                 | (17,620)                    | 13.6%                   | (37,547)                                 | (34,980)                    | 7.3%                    |
| Changes in inventories   | 52                                       | 50                          | 4.0%                    | (176)                                    | 77                          | N.M.                    |
| Delivery expenses  | (1,190)                                  | (885)                       | 34.5%                   | (2,161)                                  | (1,543)                     | 40.1%                   |
| Employee benefits expense  | (13,749)                                 | (13,051)                    | 5.3%                    | (27,198)                                 | (25,431)                    | 6.9%                    |
| Depreciation and amortisation expenses                                 | (3,603)                                  | (2,165)                     | 66.4%                   | (7,893)                                  | (4,289)                     | 84.0%                   |
| Advertising expenses   | (797)                                    | (871)                       | -8.5%                   | (1,813)                                  | (1,852)                     | -2.1%                   |
| Operating lease expenses   | -  | (1,842)                     | -100.0%                 | -  | (3,702)                     | -100.0%                 |
| Utilities  | (1,574)                                  | (1,522)                     | 3.4%                    | (3,055)                                  | (2,904)                     | 5.2%                    |
| Other expenses   | (4,024)                                  | (3,470)                     | 16.0%                   | (7,587)                                  | (6,377)                     | 19.0%                   |
| Finance costs  | (1,089)                                  | (608)                       | 79.1%                   | (2,165)                                  | (1,257)                     | 72.2%                   |
| <b>Profit/(Loss) before income tax</b>                                 | <b>3,257</b>                             | <b>519</b>                  | <b>527.6%</b>           | <b>2,581</b>                             | <b>(709)</b>                | <b>N.M.</b>             |
| Income tax expense   | (559)                                    | (124)                       | 350.8%                  | (287)                                    | (176)                       | 63.1%                   |
| <b>Profit/(Loss) for the financial period</b>                          | <b>2,698</b>                             | <b>395</b>                  | <b>583.0%</b>           | <b>2,294</b>                             | <b>(885)</b>                | <b>N.M.</b>             |
| <b>Other comprehensive income:</b>                                     |  |                             |                         |  |                             |                         |
| <b>Items that may be reclassified</b>                                  |  |                             |                         |  |                             |                         |
| <b>subsequently to profit or loss</b>                                  |  |                             |                         |  |                             |                         |
| Exchange differences arising from translation of foreign operation     | (61)                                     | 70                          | N.M.                    | 57                                       | 107                         | -46.7%                  |
| <b>Items that will not be reclassified</b>                             |  |                             |                         |  |                             |                         |
| <b>subsequently to profit or loss</b>                                  |  |                             |                         |  |                             |                         |
| Fair value gain/(loss) on equity instruments at FVOCI                  | 90                                       | -                           | N.M.                    | (180)                                    | (117)                       | 53.8%                   |
| <b>Other comprehensive income for the financial period, net of tax</b> | <b>29</b>                                | <b>70</b>                   | <b>-58.6%</b>           | <b>(123)</b>                             | <b>(10)</b>                 | <b>N.M.</b>             |
| <b>Total comprehensive income for the financial period</b>             | <b>2,727</b>                             | <b>465</b>                  | <b>486.5%</b>           | <b>2,171</b>                             | <b>(895)</b>                | <b>N.M.</b>             |

<sup>1</sup> "2Q" denotes financial period from 1 July to 30 September  
<sup>2</sup> "1H" denotes financial period from 1 April to 30 September  
<sup>3</sup> "N.M." denotes not meaningful

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

|  | Group        |              |               | Group        |              |             |
|--|--------------|--------------|---------------|--------------|--------------|-------------|
|  | 2Q 2019/2020 | 2Q 2018/2019 | Increase/     | 1H 2019/2020 | 1H 2018/2019 | Increase/   |
|  | (Unaudited)  | (Unaudited)  | (Decrease)    | (Unaudited)  | (Unaudited)  | (Decrease)  |
|  | \$'000       | \$'000       | %             | \$'000       | \$'000       | %           |
| <b>Profit/(Loss) attributable to:</b>              |              |              |               |              |              |             |
| Owners of the parent                               | 2,602        | 584          | 345.5%        | 2,321        | (236)        | N.M.        |
| Non-controlling interests                          | 96           | (189)        | N.M.          | (27)         | (649)        | -95.8%      |
|  | <u>2,698</u> | <u>395</u>   | <u>583.0%</u> | <u>2,294</u> | <u>(885)</u> | <u>N.M.</u> |
| <b>Total comprehensive income attributable to:</b> |              |              |               |              |              |             |
| Owners of the parent                               | 2,630        | 625          | 320.8%        | 2,195        | (293)        | N.M.        |
| Non-controlling interests                          | 97           | (160)        | N.M.          | (24)         | (602)        | -96.0%      |
|  | <u>2,727</u> | <u>465</u>   | <u>486.5%</u> | <u>2,171</u> | <u>(895)</u> | <u>N.M.</u> |

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

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

|   | Group        |              |            | Group        |              |            |
|---|--------------|--------------|------------|--------------|--------------|------------|
|   | 2Q 2019/2020 | 2Q 2018/2019 | Increase/  | 1H 2019/2020 | 1H 2018/2019 | Increase/  |
|   | (Unaudited)  | (Unaudited)  | (Decrease) | (Unaudited)  | (Unaudited)  | (Decrease) |
|   | \$'000       | \$'000       | %          | \$'000       | \$'000       | %          |
| Interest income                                 | 51           | -            | N.M.       | 101          | 43           | 134.9%     |
| Dividend income                                 | -            | 11           | -100.0%    | 11           | 34           | -67.6%     |
| Government grants                               | 144          | 138          | 4.3%       | 309          | 192          | 60.9%      |
| Rental income                                   | 130          | 124          | 4.8%       | 248          | 249          | -0.4%      |
| Bad third parties trade receivables written off | (5)          | -            | N.M.       | (9)          | (3)          | 200.0%     |
| Reversal of allowance of impairment loss        | 12           | 60           | -80.0%     | 25           | 74           | -66.2%     |
| Depreciation of property, plant and equipment   | (1,882)      | (2,083)      | -9.6%      | (3,762)      | (4,132)      | -9.0%      |
| Depreciation of right-of-use assets             | (1,500)      | -            | N.M.       | (3,690)      | -            | N.M.       |
| Depreciation of investment properties           | (12)         | (12)         | N.M.       | (24)         | (24)         | N.M.       |
| Amortisation of intangible assets               | (209)        | (70)         | 198.6%     | (417)        | (133)        | 213.5%     |
| Foreign exchange gain/(loss), net               | 67           | (237)        | N.M.       | (130)        | (277)        | -53.1%     |
| Inventories written off                         | (5)          | (7)          | -28.6%     | (5)          | (7)          | -28.6%     |
| Gain on disposal of plant and equipment         | 35           | 2            | N.M.       | 81           | 2            | N.M.       |
| Plant and equipment written off                 | (18)         | (2)          | 800.0%     | (29)         | (16)         | 81.3%      |
| Short-term leases                               | (229)        | -            | N.M.       | (638)        | -            | N.M.       |
| Low-value leases                                | (7)          | -            | N.M.       | (8)          | -            | N.M.       |
| Variable leases                                 | (25)         | -            | N.M.       | (65)         | -            | N.M.       |
| Finance costs                                   | (1,089)      | (608)        | 79.1%      | (2,165)      | (1,257)      | 72.2%      |

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                              |                                  |
|  | 30/9/2019<br>(Unaudited)<br>\$'000 | 31/3/2019<br>(Audited)<br>\$'000 | 30/9/2019<br>(Unaudited)<br>\$'000 | 31/3/2019<br>(Audited)<br>\$'000 |
| <b>ASSETS</b>                                      |                                    |                                  |                                    |                                  |
| <b>Current assets</b>                              |                                    |                                  |                                    |                                  |
| Inventories  | 11,398                             | 11,452                           | -                                  | -                                |
| Trade and other receivables                        | 26,578                             | 25,397                           | 2,200                              | 3,249                            |
| Prepayments  | 659                                | 620                              | 14                                 | 20                               |
| Cash and cash equivalents                          | 15,191                             | 19,027                           | 428                                | 3,633                            |
| <b>Total current assets</b>                        | <b>53,826</b>                      | <b>56,496</b>                    | <b>2,642</b>                       | <b>6,902</b>                     |
| <b>Non-current assets</b>                          |                                    |                                  |                                    |                                  |
| Property, plant and equipment                      | 79,139                             | 81,218                           | 3                                  | 4                                |
| Right-of-use assets                                | 33,111                             | -                                | 98                                 | -                                |
| Investment properties                              | 1,130                              | 1,154                            | -                                  | -                                |
| Intangible assets                                  | 20,094                             | 20,346                           | 2                                  | 4                                |
| Investments in subsidiaries                        | -                                  | -                                | 40,657                             | 40,657                           |
| Other receivables                                  | 3,216                              | 3,211                            | 2,102                              | 1,900                            |
| Financial assets at FVOCI                          | 540                                | 720                              | 540                                | 720                              |
| <b>Total non-current assets</b>                    | <b>137,230</b>                     | <b>106,649</b>                   | <b>43,402</b>                      | <b>43,285</b>                    |
| <b>TOTAL ASSETS</b>                                | <b>191,056</b>                     | <b>163,145</b>                   | <b>46,044</b>                      | <b>50,187</b>                    |
| <b>EQUITY</b>                                      |                                    |                                  |                                    |                                  |
| <b>Capital and reserves</b>                        |                                    |                                  |                                    |                                  |
| Share capital                                      | 8,664                              | 8,664                            | 8,664                              | 8,664                            |
| Merger and capital reserves                        | (1,291)                            | (1,291)                          | -                                  | -                                |
| Fair value adjustment account                      | (90)                               | 90                               | (90)                               | 90                               |
| Foreign currency translation reserve               | 297                                | 243                              | -                                  | -                                |
| Retained earnings                                  | 32,372                             | 30,788                           | 4,284                              | 5,662                            |
| <b>Equity attributable to owners of the parent</b> | <b>39,952</b>                      | <b>38,494</b>                    | <b>12,858</b>                      | <b>14,416</b>                    |
| Non-controlling interests                          | 3,275                              | 3,299                            | -                                  | -                                |
| <b>TOTAL EQUITY</b>                                | <b>43,227</b>                      | <b>41,793</b>                    | <b>12,858</b>                      | <b>14,416</b>                    |

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

|                                      | Group                              |                                  | Company                            |                                  |
|--------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
|                                      | As at                              |                                  | As at                              |                                  |
|                                      | 30/9/2019<br>(Unaudited)<br>\$'000 | 31/3/2019<br>(Audited)<br>\$'000 | 30/9/2019<br>(Unaudited)<br>\$'000 | 31/3/2019<br>(Audited)<br>\$'000 |
| <b>LIABILITIES</b>                   |                                    |                                  |                                    |                                  |
| <b>Current liabilities</b>           |                                    |                                  |                                    |                                  |
| Trade and other payables             | 33,487                             | 30,065                           | 3,646                              | 5,874                            |
| Provisions                           | 429                                | 443                              | -                                  | -                                |
| Bank borrowings                      | 33,822                             | 33,168                           | 682                                | 668                              |
| Finance lease payables               | -                                  | 2,213                            | -                                  | -                                |
| Lease liabilities                    | 6,988                              | -                                | 29                                 | -                                |
| Income tax payable                   | 1,476                              | 1,619                            | -                                  | 16                               |
| <b>Total current liabilities</b>     | <b>76,202</b>                      | <b>67,508</b>                    | <b>4,357</b>                       | <b>6,558</b>                     |
| <b>Non-current liabilities</b>       |                                    |                                  |                                    |                                  |
| Other payables                       | 2,591                              | 2,579                            | 26,586                             | 26,696                           |
| Bank borrowings                      | 41,915                             | 42,852                           | 2,174                              | 2,517                            |
| Finance lease payables               | -                                  | 4,457                            | -                                  | -                                |
| Lease liabilities                    | 23,636                             | -                                | 69                                 | -                                |
| Deferred tax liabilities             | 3,485                              | 3,956                            | -                                  | -                                |
| <b>Total non-current liabilities</b> | <b>71,627</b>                      | <b>53,844</b>                    | <b>28,829</b>                      | <b>29,213</b>                    |
| <b>TOTAL LIABILITIES</b>             | <b>147,829</b>                     | <b>121,352</b>                   | <b>33,186</b>                      | <b>35,771</b>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>191,056</b>                     | <b>163,145</b>                   | <b>46,044</b>                      | <b>50,187</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 30/9/2019<br>(Unaudited)<br>\$'000 |           | As at 31/3/2019<br>(Audited)<br>\$'000 |           |
|--|--|-----------|--|-----------|
|  | Secured                                  | Unsecured | Secured                                | Unsecured |
| Bank borrowings                                    | 15,400                                   | 18,422    | 13,582                                 | 19,586    |
| Finance lease payables                             | 2,118                                    | -         | 2,213                                  | -         |
| Amount repayable after one year                    | As at 30/9/2019<br>(Unaudited)<br>\$'000 |           | As at 31/3/2019<br>(Audited)<br>\$'000 |           |
|  | Secured                                  | Unsecured | Secured                                | Unsecured |
| Bank borrowings                                    | 41,241                                   | 674       | 40,784                                 | 2,068     |
| Finance lease payables                             | 3,724                                    | -         | 4,457                                  | -         |

**Details of any collateral:**

As at 30 September 2019, the Group's borrowings comprised of bank borrowings and finance lease payables.

**Bank borrowings**

Bank borrowings of \$15.40 million repayable within one year or less or on demand, and \$41.24 million repayable after one year are both secured by the legal mortgage in favour of the banks over the following properties at:

- (i) 6A Wan Lee Road;
- (ii) 1, 3, 5, 7 & 9 Enterprise Road;
- (iii) 30B Quality Road;
- (iv) 14 Joo Koon Circle;
- (v) 50 Tuas Avenue 11 #02-12;
- (vi) 16 Jalan Kilang Timor #03-07;
- (vii) 8A Admiralty Street #03-20;
- (viii) 8B Admiralty Street #02-16;
- (ix) 22 Senoko Way;
- (x) 6 & 8 Jalan Istimewa 8, Ulu Tiram, Johor, Malaysia; and
- (xi) 3343 Jalan Pekeliling Tanjung 27, Kulai, Johor, Malaysia.

The remaining bank borrowings of \$18.42 million repayable within one year or less or on demand, and \$0.67 million repayable after one year are both unsecured.

**Finance lease payables**

The Group's obligations under finance leases of \$2.12 million repayable within one year or less or on demand and \$3.72 million repayable after one year are 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

|  | Group                                 |                                       | Group                                 |                                       |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  | 2Q 2019/2020<br>(Unaudited)<br>\$'000 | 2Q 2018/2019<br>(Unaudited)<br>\$'000 | 1H 2019/2020<br>(Unaudited)<br>\$'000 | 1H 2018/2019<br>(Unaudited)<br>\$'000 |
| <b>Operating activities</b>  |                                       |                                       |                                       |                                       |
| Profit/(Loss) before income tax  | 3,257                                 | 519                                   | 2,581                                 | (709)                                 |
| Adjustments for:   |                                       |                                       |                                       |                                       |
| Bad third parties trade receivables written off                                | 5                                     | -                                     | 9                                     | 3                                     |
| Reversal of allowance for impairment loss                                      | (12)                                  | (60)                                  | (25)                                  | (74)                                  |
| Depreciation of property, plant and equipment                                  | 1,882                                 | 2,083                                 | 3,762                                 | 4,132                                 |
| Depreciation of right-of-use assets  | 1,500                                 | -                                     | 3,690                                 | -                                     |
| Depreciation of investment properties  | 12                                    | 12                                    | 24                                    | 24                                    |
| Amortisation of intangible assets  | 209                                   | 70                                    | 417                                   | 133                                   |
| Dividend income  | -                                     | (11)                                  | (11)                                  | (34)                                  |
| Interest expense   | 1,089                                 | 608                                   | 2,165                                 | 1,257                                 |
| Interest income  | (51)                                  | -                                     | (101)                                 | (43)                                  |
| Inventories written off  | 5                                     | 7                                     | 5                                     | 7                                     |
| Gain on disposal of plant and equipment  | (35)                                  | (2)                                   | (81)                                  | (2)                                   |
| Plant and equipment written off  | 18                                    | 2                                     | 29                                    | 16                                    |
| Operating cash flows before working capital changes                            | 7,879                                 | 3,228                                 | 12,464                                | 4,710                                 |
| Working capital changes:   |                                       |                                       |                                       |                                       |
| Inventories  | (200)                                 | (1,205)                               | 39                                    | (2,238)                               |
| Trade and other receivables  | (1,151)                               | (1,068)                               | (1,202)                               | (1,703)                               |
| Prepayments  | (96)                                  | 74                                    | (39)                                  | 119                                   |
| Trade and other payables   | (35)                                  | 2,997                                 | 2,760                                 | 2,413                                 |
| Provisions   | (95)                                  | (11)                                  | (82)                                  | (42)                                  |
| Cash generated from operations   | 6,302                                 | 4,015                                 | 13,940                                | 3,259                                 |
| Income tax paid  | (756)                                 | (334)                                 | (884)                                 | (287)                                 |
| Net cash from operating activities   | 5,546                                 | 3,681                                 | 13,056                                | 2,972                                 |
| <b>Investing activities</b>  |                                       |                                       |                                       |                                       |
| Acquisition of a subsidiary, net of cash used                                  | -                                     | (1,242)                               | -                                     | (1,242)                               |
| Payment for previous acquisition of additional equity interest in a subsidiary | -                                     | -                                     | (1,850)                               | -                                     |
| Purchase of property, plant and equipment                                      | (2,676)                               | (533)                                 | (8,550)                               | (1,211)                               |
| Purchase of intangible assets  | (123)                                 | (30)                                  | (165)                                 | (211)                                 |
| Proceeds from disposal of plant and equipment                                  | 45                                    | 33                                    | 279                                   | 34                                    |
| Interest received  | 51                                    | -                                     | 101                                   | 43                                    |
| Dividend received  | -                                     | 11                                    | 11                                    | 34                                    |
| Advances   | -                                     | (3,509)                               | -                                     | (3,509)                               |
| Net cash used in investing activities  | (2,703)                               | (5,270)                               | (10,174)                              | (6,062)                               |

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

|  | Group         |              | Group              |                    |
|--|---------------|--------------|--------------------|--------------------|
|  | 2Q 2019/2020  | 2Q 2018/2019 | 1H 2019/2020       | 1H 2018/2019       |
|  | (Unaudited)   | (Unaudited)  | (Unaudited)        | (Unaudited)        |
|  | \$'000        | \$'000       | \$'000             | \$'000             |
| <b>Financing activities</b>  |               |              |                    |                    |
| Drawdown of bank borrowings  | 12,142        | 15,621       | 20,816             | 26,170             |
| Repayment of loan from a director  | -             | -            | -                  | (500)              |
| Repayment of bank borrowings   | (11,862)      | (11,333)     | (21,713)           | (21,616)           |
| Repayment of finance lease payables  | -             | (392)        | -                  | (804)              |
| Repayment of principal portion of lease liabilities                          | (1,582)       | -            | (3,837)            | -                  |
| Dividends paid   | (482)         | (462)        | (482)              | (462)              |
| Interest paid  | (714)         | (608)        | (1,389)            | (1,257)            |
| Interest portion of lease liabilities paid                                   | (376)         | -            | (776)              | -                  |
| Net cash (used in)/from financing activities                                 | (2,498)       | 2,826        | (7,381)            | 1,531              |
| Net change in cash and cash equivalents                                      | 345           | 1,237        | (4,499)            | (1,559)            |
| Effect of foreign exchange rate changes on cash and cash equivalents         | 41            | (138)        | 14                 | 7                  |
| Cash and cash equivalents at beginning of financial period                   | 11,347        | 8,265        | 15,842             | 10,916             |
| <b>Cash and cash equivalents at end of financial period</b>                  | <b>11,733</b> | <b>9,364</b> | <b>11,357</b>      | <b>9,364</b>       |
| <b>Cash and cash equivalents comprise:</b>                                   |               |              | <b>Group</b>       |                    |
|  |               |              | <b>As at</b>       |                    |
|  |               |              | <b>30/9/2019</b>   | <b>30/9/2018</b>   |
|  |               |              | <b>(Unaudited)</b> | <b>(Unaudited)</b> |
|  |               |              | <b>\$'000</b>      | <b>\$'000</b>      |
| Cash on hand and at bank   |               |              | 14,637             | 12,194             |
| Fixed deposits   |               |              | 554                | 408                |
| <b>Cash and cash equivalents as per statement of financial position</b>      |               |              | <b>15,191</b>      | <b>12,602</b>      |
| Less: Fixed deposits pledged   |               |              | (401)              | (226)              |
| Less: Bank overdraft   |               |              | (3,433)            | (3,012)            |
| <b>Cash and cash equivalents as per consolidated statement of cash flows</b> |               |              | <b>11,357</b>      | <b>9,364</b>       |

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<br>\$'000 | Merger and capital reserves<br>\$'000 | Fair value translation account<br>\$'000 | Foreign currency translation reserves<br>\$'000 | Retained earnings<br>\$'000 | Total equity attributable to owners of the parent<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|---|-------------------------|---------------------------------------|--|---|-----------------------------|---|-------------------------------------|------------------------|
| <b>(Unaudited)</b>  |                         |                                       |  |   |                             |   |                                     |                        |
| Balance at 1 April 2019   | 8,664                   | (1,291)                               | 90                                       | 243   | 30,788                      | 38,494  | 3,299                               | 41,793                 |
| Profit for the financial period                                     | -                       | -                                     | -  | -   | 2,321                       | 2,321   | (27)                                | 2,294                  |
| Other comprehensive income:   |                         |                                       |  |   |                             |   |                                     |                        |
| Exchange differences arising from translation of foreign operations | -                       | -                                     | -  | 54  | -                           | 54  | 3                                   | 57                     |
| Fair value loss on equity instruments at FVOCI                      | -                       | -                                     | (180)                                    | -   | -                           | (180)   | -                                   | (180)                  |
| <b>Total comprehensive income for the financial period</b>          | -                       | -                                     | (180)                                    | 54  | 2,321                       | 2,195   | (24)                                | 2,171                  |
| Distribution to owners of the parent:                               |                         |                                       |  |   |                             |   |                                     |                        |
| Dividends   | -                       | -                                     | -  | -   | (737)                       | (737)   | -                                   | (737)                  |
| <b>Total transaction with owners of the parent</b>                  | -                       | -                                     | -  | -   | (737)                       | (737)   | -                                   | (737)                  |
| <b>Balance at 30 September 2019</b>                                 | <b>8,664</b>            | <b>(1,291)</b>                        | <b>(90)</b>                              | <b>297</b>                                      | <b>32,372</b>               | <b>39,952</b>   | <b>3,275</b>                        | <b>43,227</b>          |



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

| Group   | Share capital<br>\$'000 | Merger and capital reserves<br>\$'000 | Fair value translation account<br>\$'000 | Foreign currency translation reserves<br>\$'000 | Retained earnings<br>\$'000 | Total equity attributable to owners of the parent<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|---|-------------------------|---------------------------------------|--|---|-----------------------------|---|-------------------------------------|------------------------|
| <b>(Unaudited)</b>  |                         |                                       |  |   |                             |   |                                     |                        |
| Balance at 1 April 2018   | 7,899                   | 179                                   | 162                                      | 248   | 26,849                      | 35,337  | 4,076                               | 39,413                 |
| <b>Loss for the financial period</b>                                | -                       | -                                     | -  | -   | (236)                       | (236)   | (649)                               | (885)                  |
| <b>Other comprehensive income:</b>                                  |                         |                                       |  |   |                             |   |                                     |                        |
| Exchange differences arising from translation of foreign operations | -                       | -                                     | -  | 60  | -                           | 60  | 47                                  | 107                    |
| Fair value loss on equity instruments at FVOCI                      | -                       | -                                     | (117)                                    | -   | -                           | (117)   | -                                   | (117)                  |
| <b>Total comprehensive income for the financial period</b>          | -                       | -                                     | (117)                                    | 60  | (236)                       | (293)   | (602)                               | (895)                  |
| <b>Transactions with non-controlling interests:</b>                 |                         |                                       |  |   |                             |   |                                     |                        |
| Acquisition of subsidiaries   | 357                     | -                                     | -  | -   | -                           | 357   | 178                                 | 535                    |
| <b>Total transactions with non-controlling interests</b>            | 357                     | -                                     | -  | -   | -                           | 357   | 178                                 | 535                    |
| <b>Distribution to owners of the parent:</b>                        |                         |                                       |  |   |                             |   |                                     |                        |
| Dividends   | -                       | -                                     | -  | -   | (1,459)                     | (1,459)   | -                                   | (1,459)                |
| <b>Total transaction with owners of the parent</b>                  | -                       | -                                     | -  | -   | (1,459)                     | (1,459)   | -                                   | (1,459)                |
| <b>Balance at 30 September 2018</b>                                 | <b>8,256</b>            | <b>179</b>                            | <b>45</b>                                | <b>308</b>                                      | <b>25,154</b>               | <b>33,942</b>   | <b>3,652</b>                        | <b>37,594</b>          |

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

| Company  | Share capital<br>\$'000 | Fair value<br>translation<br>account<br>\$'000 | Retained<br>earnings<br>\$'000 | Total equity<br>attributable to<br>owners<br>\$'000 |
|--|-------------------------|--|--------------------------------|---|
| <b>(Unaudited)</b>   |                         |  |                                |   |
| <b>Balance at 1 April 2019</b>                             | 8,664                   | 90   | 5,662                          | 14,416  |
| <b>Loss for the financial period</b>                       | -                       | -  | (641)                          | (641)   |
| <b>Other comprehensive income:</b>                         |                         |  |                                |   |
| Fair value loss on equity instruments at FVOCI             | -                       | (180)  | -                              | (180)   |
| <b>Total comprehensive income for the financial period</b> | -                       | (180)  | (641)                          | (821)   |
| <b>Distribution to owners:</b>                             |                         |  |                                |   |
| Dividends  | -                       | -  | (737)                          | (737)   |
| <b>Total transaction with owners</b>                       | -                       | -  | (737)                          | (737)   |
| <b>Balance at 30 September 2019</b>                        | <b>8,664</b>            | <b>(90)</b>                                    | <b>4,284</b>                   | <b>12,858</b>                                       |
| <b>(Unaudited)</b>   |                         |  |                                |   |
| <b>Balance at 1 April 2018</b>                             | 7,899                   | 162  | 1,377                          | 9,438   |
| <b>Profit for the financial period</b>                     | -                       | -  | 1,209                          | 1,209   |
| <b>Other comprehensive income:</b>                         |                         |  |                                |   |
| Fair value loss on equity instruments at FVOCI             | -                       | (117)  | -                              | (117)   |
| <b>Total comprehensive income for the financial period</b> | -                       | (117)  | 1,209                          | 1,092   |
| <b>Transactions with non-controlling interests:</b>        |                         |  |                                |   |
| Acquisition of subsidiaries                                | 357                     | -  | -                              | 357   |
| <b>Total transactions with non-controlling interests</b>   | 357                     | -  | -                              | 357   |
| <b>Distribution to owners:</b>                             |                         |  |                                |   |
| Dividends  | -                       | -  | (1,459)                        | (1,459)   |
| <b>Total transaction with owners</b>                       | -                       | -  | (1,459)                        | (1,459)   |
| <b>Balance at 30 September 2018</b>                        | <b>8,256</b>            | <b>45</b>                                      | <b>1,127</b>                   | <b>9,428</b>  |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There has been no change in the Company's share capital for the six-month period ended 30 September 2019. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 September 2019 and 30 September 2018.

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

|   | Company     |             |
|---|-------------|-------------|
|   | As at       |             |
|   | 30/9/2019   | 31/3/2019   |
| Total number of issued shares excluding treasury shares | 147,350,959 | 147,350,959 |

There were no treasury shares as at 30 September 2019 and 31 March 2019.

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

Not applicable as the Company did not hold any treasury shares.

**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 as the Company did not hold any subsidiary holdings.

**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 2019, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for its financial year beginning 1 April 2019.

**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.**

SFRS(I) 16 Leases introduces a single, on balance sheet lease accounting model which eliminates the current distinction between operating and finance leases for lessees. It requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases (less than 12 months) and leases of low-value assets.

The Group has adopted the new SFRS(I) 16 Leases on 1 April 2019, using the modified retrospective approach in accordance with the transitional provisions, and therefore recognised leases on the statements of financial position as at 1 April 2019. The adoption of this new/revised SFRS(I) does not result in any material changes to the Group's accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited financial statements as at 31 March 2019, except as described below:-

The Group has not restated its comparative figures for the corresponding period of the immediately preceding financial year as permitted under the specific transition provisions in SFRS(I) 16. The Group capitalised its operating leases on outlets, offices, hostel, kitchen, warehouse and other operating facilities and reclassified certain leased assets from property, plant and equipment on the statement of financial position by recognising 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments on date of implementation. Subsequently, the lease assets will be depreciated over the lease term on a straight-line basis and the lease liabilities will be measured at amortised cost.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 April 2019. On adoption of SFRS(I) 16, the Group chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before 1 April 2019. Accordingly, the adoption of SFRS(I) 16 does not result in any adjustment to the opening balance of retained earnings as at 1 April 2019.

| Statement of Financial Position | Group             |                           |                                 |
|---------------------------------|-------------------|---------------------------|---------------------------------|
|                                 | As at<br>1/4/2019 | SFRS(I) 16<br>Adjustments | As at<br>1/4/2019<br>(Restated) |
|                                 | \$'000            | \$'000                    | \$'000                          |
| <b>Non-current assets</b>       |                   |                           |                                 |
| Property, plant and equipment   | 81,218            | (9,427)                   | 71,791                          |
| Right-of-use assets             | -                 | 35,539                    | 35,539                          |
| <b>Current liabilities</b>      |                   |                           |                                 |
| Finance lease payables          | 2,213             | (2,213)                   | -                               |
| Lease liabilities               | -                 | 7,170                     | 7,170                           |
| <b>Non-current liabilities</b>  |                   |                           |                                 |
| Finance lease payables          | 4,457             | (4,457)                   | -                               |
| Lease liabilities               | -                 | 25,612                    | 25,612                          |

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                       |                             |
|---|-----------------------------|-----------------------------|
|   | 1H 2019/2020<br>(Unaudited) | 1H 2018/2019<br>(Unaudited) |
| Profit/(Loss) attributable to owners of the parent (\$'000)   | 2,321                       | (236)                       |
| Actual/Weighted average number of ordinary shares <sup>(1)</sup>  | 147,350,959                 | 145,972,127                 |
| Basic and diluted EPS based on actual/weighted average number of ordinary shares (cents) <sup>(2)</sup> | 1.58                        | (0.16)                      |

**Notes:**

- (1) Basic EPS is computed by dividing the loss attributable to owners of the parent in each financial period by the weighted average/actual number of issued ordinary shares outstanding during the respective financial periods.
- (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 or 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**  
**(a) current period reported on; and**  
**(b) immediately preceding financial year**

| Net asset value ("NAV")        | Group                    |                        | Company                  |                        |
|--------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                | As at                    |                        | As at                    |                        |
|                                | 30/9/2019<br>(Unaudited) | 31/3/2019<br>(Audited) | 30/9/2019<br>(Unaudited) | 31/3/2019<br>(Audited) |
| NAV (\$'000)                   | 39,952                   | 38,494                 | 12,858                   | 14,416                 |
| Number of ordinary shares      | 147,350,959              | 147,350,959            | 147,350,959              | 147,350,959            |
| NAV per ordinary share (cents) | 27.11                    | 26.12                  | 8.73                     | 9.78                   |

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.**

## **Review of Financial Performance**

For management reporting purposes, the Group is organised into business units based on its services, and has five reportable operating segments as follows:

- (i) “Food Catering business” – Provides events catering services under diversified range of catering brands to corporate, community or private functions. Food Catering business segment also provides daily meal delivery services to families, Halal-certified food as well as catering for last minute events or emergency orders.
- (ii) “Food Retail business” – Operates a chain of food retail outlets specialising in Japanese cuisine.
- (iii) “Food Manufacturing business” – Manufactures, distributes and retails surimi-based seafood products and the “DoDo” brand of fishballs.
- (iv) “Supplies and Trading business” – Supplies food ingredients and products used in Food Catering business, Food Retail business and Food Manufacturing business. Supplies and Trading business also imports, exports and wholesale fruits, vegetables and frozen meat products to a wide customer base.
- (v) “Other businesses” – Involved in the design, marketing and distribution of floral arrangements, gifts and hampers and manufacturing of bread, cakes and confectionery.

### **2Q 2019/2020 compared to 2Q 2018/2019**

The Group registered \$48.73 million in revenue for the quarter ended 30 September 2019 (“**2Q 2019/2020**”) as compared to \$42.02 million in the previous corresponding quarter ended 30 September 2018 (“**2Q 2018/2019**”). The increase was approximately \$6.71 million or 16.0%. This was mainly attributable to the Food Catering business.

Food Catering business revenue increased by \$6.25 million or 34.4% from \$18.17 million in 2Q 2018/2019 to \$24.42 million in 2Q 2019/2020. The increase was mainly due to the strengthening in our recurring income from childcare and eldercare market segments, ramping up our “tingkat” business as well as revenues contributed by acquired subsidiaries.

Food Retail business revenue decreased by \$0.46 million or 11.0% from \$4.18 million in 2Q 2018/2019 to \$3.72 million in 2Q 2019/2020. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue increased by \$0.44 million or 3.7% from \$12.08 million in 2Q 2018/2019 to \$12.52 million in 2Q 2019/2020. The increase was mainly due to an increase in sales from our export business during 2Q 2019/2020.

Supplies and Trading business revenue increased by \$0.50 million or 6.8% from \$7.30 million in 2Q 2018/2019 to \$7.80 million in 2Q 2019/2020. This was mainly attributable to an increase in trading activities during 2Q 2019/2020.

Other businesses revenue decreased by \$0.02 million or 8.5% from \$0.29 million in 2Q 2018/2019 to \$0.27 million in 2Q 2019/2020.

Other income was recorded at \$0.46 million in 2Q 2019/2020 as compared to \$0.48 million in 2Q 2018/2019, which was mainly contributed by the grants received from government of \$0.14 million and rental income of \$0.13 million during 2Q 2019/2020.

Purchases and consumables increased by \$2.39 million or 13.6% to \$20.01 million in 2Q 2019/2020 as compared to \$17.62 million in 2Q 2018/2019. The increase is in line with the overall increase in our Group’s revenue at a higher gross profit margin.

## **Review of Financial Performance** (Continued)

Delivery expenses increased by \$0.30 million or 34.5% to \$1.19 million in 2Q 2019/2020 as compared to \$0.89 million in 2Q 2018/2019. This was mainly attributable to the increase in our outsourced delivery expenses for our Food Catering business.

Employee benefits expense increased by \$0.70 million or 5.3% to \$13.75 million in 2Q 2019/2020 as compared to \$13.05 million in 2Q 2018/2019. This was mainly due to the consolidation of the additional headcounts from the acquired subsidiaries.

Depreciation and amortisation expenses increased by \$1.43 million or 66.4% to \$3.60 million in 2Q 2019/2020 as compared to \$2.17 million in 2Q 2018/2019. The increase was mainly due to the depreciation of right-of-use assets of \$1.50 million incurred upon the recognition of the right-of-use assets as a result of the adoption of SFRS(I) 16 Leases on 1 April 2019.

As a result of the adoption of SFRS(I) 16 Leases, there was no operating lease expenses recognised in 2Q 2019/2020 as compared to \$1.84 million in 2Q 2018/2019. In addition, finance costs increased by \$0.48 million or 79.1% to \$1.09 million in 2Q 2019/2020 as compared to \$0.61 million in 2Q 2018/2019. This was mainly attributable to the recognition of interest expenses of \$0.38 million during 2Q 2019/2020 in relation to the amortisation of discount on lease liabilities.

Other expenses increased by \$0.55 million or 16.0% to \$4.02 million in 2Q 2019/2020 as compared to \$3.47 million in 2Q 2018/2019. This was mainly due to the increase in IT expenses, repair and maintenance expenses, as well as recognition of short-term, low-value and variable leases during 2Q 2019/2020.

As a result of the above review, our Group's profit before and after tax improved by \$2.74 million or 527.6% from \$0.52 million in 2Q 2018/2019 to \$3.26 million in 2Q 2019/2020 and \$2.30 million or 583.0% from \$0.40 million in 2Q 2018/2019 to \$2.70 million in 2Q 2019/2020 respectively. The profit attributable to the owners of the parent was recorded at \$2.60 million, while the profit attributable to non-controlling interests was recorded at \$0.10 million in 2Q 2019/2020.

Our earnings before interest, tax, depreciation and amortisation ("**EBITDA**") increased by \$4.60 million or 139.9% from \$3.30 million in 2Q 2018/2019 to \$7.90 million in 2Q 2019/2020.

### **1H 2019/2020 compared to 1H 2018/2019**

The Group registered \$91.11 million in revenue for the financial period ended 30 September 2019 ("**1H 2019/2020**") as compared to \$80.66 million in the previous corresponding financial period ended 30 September 2018 ("**1H 2018/2019**"). The increase was approximately \$10.45 million or 13.0%. This was mainly attributable to the Food Catering business, offset by a decrease in the other businesses.

Food Catering business revenue increased by \$12.04 million or 37.6% from \$32.02 million in 1H 2018/2019 to \$44.06 million in 1H 2019/2020. The increase was mainly due to the strengthening in our recurring income from childcare and eldercare market segments, ramping up our "tingkat" business as well as revenue contributed by acquired subsidiaries.

Food Retail business revenue decreased by \$0.77 million or 9.4% from \$8.17 million in 1H 2018/2019 to \$7.40 million in 1H 2019/2020. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue decreased marginally by \$0.18 million or 0.8% from \$23.80 million in 1H 2018/2019 to \$23.62 million in 1H 2019/2020.

Supplies and Trading business revenue decreased by \$0.59 million or 3.6% from \$16.12 million in 1H 2018/2019 to \$15.53 million in 1H 2019/2020. This was mainly attributable to an intentional reduction in low margin trading transactions during 1Q 2019/2020 which was offset by the increase in trading activities during 2Q 2019/2020.

Other businesses revenue decreased by \$0.05 million or 8.1% from \$0.55 million in 1H 2018/2019 to \$0.50 million in 1H 2019/2020.

## **Review of Financial Performance** (Continued)

Other income was recorded at \$0.97 million in 1H 2019/2020 as compared to \$0.85 million in 1H 2018/2019. It was increased by \$0.12 million or 14.5% mainly due to the increase in grants received from government of \$0.12 million during 1H 2019/2020.

Purchases and consumables increased by \$2.57 million or 7.3% to \$37.55 million in 1H 2019/2020 as compared to \$34.98 million in 1H 2018/2019. The increase is in line with the overall increase in our Group's revenue at a higher gross profit margin.

Delivery expenses increased by \$0.62 million or 40.1% to \$2.16 million in 1H 2019/2020 as compared to \$1.54 million in 1H 2018/2019. This was mainly attributable to the increase in our outsourced delivery expenses for our Food Catering business.

Employee benefits expense increased by \$1.77 million or 6.9% to \$27.20 million in 1H 2019/2020 as compared to \$25.43 million in 1H 2018/2019. This was mainly due to the consolidation of the additional headcounts from the acquired catering subsidiaries.

Depreciation and amortisation expenses increased by \$3.60 million or 84.0% to \$7.89 million in 1H 2019/2020 as compared to \$4.29 million in 1H 2018/2019. The increase was mainly due to the depreciation of right-of-use assets of \$3.69 million incurred upon the recognition of the right-of-use assets as a result of the adoption of SFRS(I) 16 Leases on 1 April 2019.

As a result of the adoption of SFRS(I) 16 Leases, there was no operating lease expenses recognised in 1H 2019/2020 as compared to \$3.70 million in 1H 2018/2019. In addition, finance costs increased by \$0.91 million or 72.2% to \$2.17 million in 1H 2019/2020 as compared to \$1.26 million in 1H 2018/2019. This was mainly attributable to the recognition of interest expenses of \$0.78 million during 1H 2019/2020 in relation to the amortisation of discount on lease liabilities.

Other expenses increased by \$1.21 million or 19.0% to \$7.59 million in 1H 2019/2020 as compared to \$6.38 million in 1H 2018/2019. This was mainly due to the increase in IT expenses, repair and maintenance expenses, as well as recognition of short-term, low-value and variable leases during 1H 2019/2020.

As a result of the above review, our Group's profit before and after tax improved by \$3.29 million swinging from a loss before tax of \$0.71 million in 1H 2018/2019 to a profit before tax of \$2.58 million in 1H 2019/2020 and by \$3.18 million swinging from a net loss of \$0.89 million in 1H 2018/2019 to a net profit of \$2.29 million in 1H 2019/2020 respectively. The profit attributable to the owners of the parent was recorded at \$2.32 million, while the loss attributable to non-controlling interests was recorded at \$0.03 million in 1H 2019/2020.

Our EBITDA increased by \$7.74 million or 161.5% from \$4.80 million in 1H 2018/2019 to \$12.54 million in 1H 2019/2020.

## **Review of Financial Position**

The Group's current assets decreased by \$2.67 million from \$56.50 million as at 31 March 2019 to \$53.83 million as at 30 September 2019. The decrease was primarily due to the Group's cash and cash equivalents decreasing by \$3.84 million which was mainly attributable to the net cash used in investing and financing activities during 1H 2019/2020. This was offset by the increase in the Group's trade and other receivables of \$1.18 million as at 30 September 2019.

The Group's non-current assets increased by \$30.58 million from \$106.65 million as at 31 March 2019 to \$137.23 million as at 30 September 2019. This was mainly attributable to the recognition of right-of-use assets of \$33.11 million as at 30 September 2019, which was offset by the decrease in property, plant and equipment of \$2.08 million during 1H 2019/2020. The decrease in property, plant and equipment was mainly due to the reclassification of certain leased assets from property, plant and equipment to right-of-use assets as well as depreciation charged for 1H 2019/2020. This was offset by the additional property, plant and equipment acquired during 1H 2019/2020.



## **Review of Financial Position** (Continued)

The Group's current and non-current liabilities increased by \$8.69 million from \$67.51 million as at 31 March 2019 to \$76.20 million as at 30 September 2019 and \$17.79 million from \$53.84 million as at 31 March 2019 to \$71.63 million as at 30 September 2019 respectively. The increase was mainly due to the recognition of current and non-current lease liabilities of \$6.99 million and \$23.64 million respectively as at 30 September 2019 as a result of the adoption of SFRS(I) 16 Leases, increase in current trade and other payables of \$3.42 million as at 30 September 2019. This was offset by the reclassification of current and non-current finance lease payables of \$2.21 million and \$4.46 million respectively to lease liabilities.

As at 30 September 2019, the Group was in a net current liability position of \$22.37 million, mainly due to the effects of recognising lease liabilities upon adoption of SFRS(I) 16 Leases, drawdown of revolving short-term facilities, trade facilities from banks to support the operating activities in Supplies and Trading business and business expansion in Food Manufacturing business. However, the Group's total assets exceeded its total liabilities by approximately \$43.23 million. In assessing whether the Group can meet its debts obligations as and when they fall due, the management had prepared cash flow forecasts which was approved by the Board of Directors of the Company ("**Board**"). The cash flows were derived from the financial budgets and projections which indicate that the Group has sufficient cash and cash equivalents and adequate bank facilities to support the Group's operations and pay its debts as and when they fall due.

Barring unforeseen circumstances, the Board believes 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 Supplies and Trading business, as well as the new initiatives implemented to increase efficiency and productivity for the Group.

## **Review of Cash Flows**

The Group's net cash from operating activities in 1H 2019/2020 was \$13.06 million, which resulted from positive operating cash flows before working capital changes of \$12.46 million as well as the decrease in net working capital usage of \$1.48 million being offset by the income tax paid of \$0.88 million during 1H 2019/2020. The decrease in net working capital was mainly due to an increase in trade and other payables of approximately \$2.76 million, which was offset by an increase in trade and other receivables of approximately \$1.20 million.

The Group's net cash used in investing activities of \$10.17 million during 1H 2019/2020 was mainly attributable to the balance payment of \$1.85 million for the acquisition of additional equity interest in Thong Siek Global Pte Ltd in prior financial year as well as payment of \$8.55 million during 1H 2019/2020 to acquire a leasehold property at 8A Admiralty Street #03-20 and progress payments for construction-in-progress of our new headquarter at 30B Quality Road.

The Group's net cash used in financing activities of \$7.38 million during 1H 2019/2020 was mainly due to the repayment of bank borrowings of \$21.71 million, repayment of principal portion of lease liabilities of \$3.84 million, interest payment of \$1.39 million, interest portion of lease liabilities of \$0.78 million and dividend payment of \$0.48 million which was offset by the drawdown of bank borrowings of \$20.82 million during 1H 2019/2020.

As a result of the above, the net decrease in cash and cash equivalents during 1H 2019/2020 was \$4.50 million.

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

The Group's profitability for the full financial year ending 31 March 2020, as contained in Paragraph 10 of the Company's results announcement for the three-month period ended 30 June 2019 on 7 August 2019, remain unchanged.

**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 Catering business will continue to focus on widening and strengthening its recurring income streams and capturing a larger market share by pursuing more institutional catering, corporate clients and venue partnerships as well as expand the range of cuisines and catering options available to customers via multi brand strategy.

The Food Retail business will continue to perform business review to enhance its performance.

The Food Manufacturing business will continue to tap on the Group's global distribution network to ramp up the export sales as well as perform R&D to develop new and improved products for the Group.

Meanwhile, the Supplies and Trading business will continue to contribute to the Group through cost discipline.

Barring any unforeseen circumstances, the Company expects the Group's operations to remain profitable for the financial year ending 31 March 2020.

**11. Dividend**

**a. Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None

**b. Corresponding Period of the Immediately Preceding Financial Year**

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

None

**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).**

Not applicable

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

Not applicable

**e. Books closure date**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

There is no dividend declared in this quarter in order to retain funds for working capital and future business expansion.

**13. Interested person transactions**

|  | 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 Rule 920)<br>\$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)<br>\$'000 |
|--|---|---|
| <b>Neo Kah Kiat</b>                            |   |   |
| (i) GUI Solutions Pte Ltd                      |   |   |
| - Cost of goods and services purchased         | 199.9   | -   |
| - Rental and utilities income                  | 12.0  | -   |
| (ii) Office premise lease expense <sup>1</sup> | 49.2  | -   |
| (iii) Interest expense                         | 5.3   |   |
| <b>Neo Kah Kiat and Liew Oi Peng</b>           |   |   |
| (i) Office premise lease expense <sup>2</sup>  | 97.5  | -   |
| (ii) Rental of hostel for staff welfare        | 6.0   | -   |
| (iii) Twinkle Investment Pte Ltd               |   |   |
| - Rental of yacht                              | 60.0  | -   |
| - Office premise lease expense <sup>3</sup>    | 123.1   | -   |
| - Interest expense                             | 27.3  | -   |

**Notes:**

The Group has not obtained any general mandate from shareholders for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

- (1) The office premise lease expense paid to the Company's director, Neo Kah Kiat, in 1H 2019/2020 relates to #05-04 at Enterprise One amounting to approximately \$49,200. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).
- (2) The office premise lease expense paid to the Company's directors, Neo Kah Kiat and Liew Oi Peng, in 1H 2019/2020 relates to lease expense for #05-03 and #05-05 at Enterprise One amounting to approximately \$97,500. As the terms of the tenancy agreements for the office premises were supported by independent valuations and with lease period of 3 years, the leases thereunder are not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).
- (3) The office premise lease expense paid to the Twinkle Investment Pte Ltd, which is jointly owned by Neo Kah Kiat and Liew Oi Peng, in 1H 2019/2020 partly relates to lease expense for #05-06 at Enterprise One amounting to approximately \$51,100. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).

**14. Negative assurance confirmation on interim financial results pursuant to Rule 705 (5) of the Catalist Rules**

We, Neo Kah Kiat, and Liew Oi Peng, being two directors of Neo Group Limited (the “**Company**”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited consolidated financial statements of the Group for the six-month period ended 30 September 2019 to be false or misleading in any material aspect.

Neo Kah Kiat  
Chairman and Chief Executive Officer

Liew Oi Peng  
Executive Director

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

The Company hereby confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720 (1) of the Catalist Rules.

**BY ORDER OF THE BOARD**

Neo Kah Kiat  
Chairman and Chief Executive Officer  
**7 November 2019**

---

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**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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.

The contact person for the Sponsor is Mr. Yee Chia Hsing, Head, Catalist. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, telephone: +65 6337 5115.