

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

*Half Year Financial Statement And Dividend Announcement For The Period Ended 30 June 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

The Announcement of Half –Year Results are stated in S\$'000 (thousands) with effect from this announcement. The comparative figures are henceforth re-stated in S\$'000 (thousands) to comply with current year's presentation.

Consolidated Statement of Comprehensive Income	Group		
	1H2019 (Unaudited) S\$'000	1H2018 (Unaudited) S\$'000	Increase/ (Decrease) %
Revenue	13,321	14,966	(11.0)
Cost of sales	(8,896)	(10,297)	(13.6)
Gross profit	4,425	4,669	(5.2)
Other items of income			
Interest income	29	32	(9.4)
Other income	206	244	(15.6)
Other items of expense			
Distribution costs	(2,013)	(1,737)	15.9
Administrative and other expenses	(3,851)	(3,599)	7.0
Finance costs	(132)	(94)	40.4
Loss before income tax	(1,336)	(485)	175.5
Income tax expense	(94)	(171)	(45.0)
Loss for the financial period	(1,430)	(656)	118.0
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange (loss)/gain arising from translation of foreign operations	(4)	16	(125.0)
Other comprehensive (loss)/income for the financial period, net of tax	(4)	16	(125.0)
Total comprehensive loss for the financial period	(1,434)	(640)	124.1
Loss attributable to:			
Owners of the parent	(1,430)	(656)	118.0
Non-controlling interest	-	-	-
	(1,430)	(656)	118.0
Total comprehensive loss attributable to:			
Owners of the parent	(1,434)	(640)	124.1
Non-controlling interest	-	-	-
	(1,434)	(640)	124.1

Remarks:

"1H2019" denotes the half-year financial ended 30 June 2019

"1H2018" denotes the half-year financial ended 30 June 2018

"n.m." denotes not meaningful

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

	Group		Increase/ (Decrease) %
	1H2019 (Unaudited) S\$'000	1H2018 (Unaudited) S\$'000	
(Loss)/profit before income tax is arrived at after charging /(crediting) the following:			
Depreciation of property, plant and equipment	333	340	(4.4)
Amortisation of intangible assets	2	15	(86.7)
Loss allowance on third party trade receivables	-	44	n.m.
Inventories written back	-	(70)	n.m.
Interest expenses	132	94	40.4
Fair value gain on derivative financial instruments	(10)	-	n.m.
Interest income	(29)	(32)	(9.4)

Included in income tax expense were:-

Overprovision of current income tax in prior financial years	(65)	(18)	261.1
Under provision of deferred tax in prior financial years	-	-	-

Note: "n.m." denotes not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

Statement of Financial Position	Group As at		Company As at	
	30/06/2019 (Unaudited) S\$'000	31/12/2018 (Audited) S\$'000	30/06/2019 (Unaudited) S\$'000	31/12/2018 (Audited) S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	2,194	2,291	-	-
Right-of-use asset	1,562	-	-	-
Intangible assets	18	6	-	-
Investment in subsidiaries	-	-	10	10
	3,774	2,297	10	10
CURRENT ASSETS				
Inventories	4,274	3,947	-	-
Trade and other receivables	10,159	11,571	4,828	4,989
Income tax recoverable	51	45	-	-
Cash and cash equivalents	8,268	10,232	1,165	1,132
	22,752	25,795	5,993	6,121
Less:				
CURRENT LIABILITIES				
Contract liabilities	464	503	-	-
Lease liabilities	862	-	-	-
Trade and other payables	5,090	5,801	830	476
Borrowings	2,615	2,846	-	-
Finance lease obligations	355	339	-	-
Derivative financial instruments	-	9	-	-
Income tax payable	490	720	-	-
	9,876	10,218	830	476
NET CURRENT ASSETS	12,876	15,577	5,163	5,645
Less:				
NON-CURRENT LIABILITIES				
Lease liabilities	716	-	-	-
Finance lease obligations	1,349	1,472	-	-
Deferred tax liabilities	62	62	-	-
	2,127	1,534	-	-
NET ASSETS	14,523	16,340	5,173	5,655
CAPITAL AND RESERVES				
Share capital	5,125	5,125	5,125	5,125
Other reserves	1,216	1,215	-	-
Retained earnings	8,181	9,999	48	530
	14,522	16,339	5,173	5,655
Non-controlling interests	1	1	-	-
TOTAL EQUITY	14,523	16,340	5,173	5,655

*Denotes amount less than S\$1,000.

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

Amount repayable in one year or less, or on demand

As at 30/06/2019 (Unaudited) (S\$'000)		As at 31/12/2018 (Audited) (S\$'000)	
Secured	Unsecured	Secured	Unsecured
2,970	-	3,185	-

Amount repayable after one year

As at 30/06/2019 (Unaudited) (S\$'000)		As at 31/12/2018 (Audited) (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,349	-	1,472	-

Details of any collateral secured borrowings:-

As at 30 June 2019, the Group's borrowings comprising bank borrowings and finance lease payables that were secured as follows:-

- (a) Trust receipts have maturities of between 45 to 150 (31 December 2018: 45 to 150) days. As at 30 June 2019, trust receipts are secured by financial guarantee from the Company with a carrying amount of S\$2,614,990 (31 December 2018: S\$2,846,065).
- (b) Obligations under finance lease are secured by the leased assets, which will be returned to the lessors in the event of default by the Group. At the end of the current financial period, the Group finance lease have a carrying amount of S\$1,349,108 (31 December 2018: S\$1,471,434) at the end of the current financial year.
- (c) Bank borrowings of subsidiaries are secured by corporate guarantee issued by the Company.

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1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of immediately preceding financial year.

Consolidated Statement of Cash Flows	Group	
	1H2019 (Unaudited) S\$'000	1H2018 (Unaudited) S\$'000
Operating activities		
Loss before income tax expense	(1,336)	(485)
Adjustments for:		
Depreciation of property, plant and equipment	333	340
Amortisation for intangible assets	2	15
Inventories written back	-	(70)
Loss allowance on third party trade receivables	-	44
Fair value gain on derivative financial instruments	(9)	-
Interest expenses	132	94
Interest income	(29)	(32)
Operating profit before working capital changes	(907)	(94)
Working capital changes:		
(Increase)/decrease in inventories	(329)	321
Increase in contract assets	-	(78)
Increase in rights-of-use asset	(1,562)	-
Decrease/(Increase) in trade receivables and other receivables	1,605	(2,509)
(Decrease)/Increase in contract liabilities	(39)	360
Increase in lease liabilities	1,578	-
(Decrease)/Increase in trade payables and other payables	(505)	1,827
Cash used in operations	(159)	(173)
Income tax refund	17	-
Income tax paid	(349)	(176)
Net cash used in operating activities	(491)	(349)
Investing activities		
Purchase of intangible assets	(14)	-
Purchase of property, plant and equipment	(239)	(47)
Interest received	29	32
Net cash used in investing activities	(224)	(15)
Financing activities		
Dividend paid	(388)	(775)
Proceeds from borrowings	3,691	4,166
Repayment of borrowings	(4,317)	(5,060)
Interest paid on bank borrowings	(118)	(51)
Repayment of finance lease obligations	(106)	(144)
Interest paid on finance lease obligations	(15)	(42)
Interest paid on bank overdrafts	-	(1)
Net cash used in from financing activities	(1,253)	(1,907)
Net change in cash and cash equivalents	(1,968)	(2,271)
Cash and cash equivalents at beginning of financial period	9,512	10,331
Effect of exchange rate changes on cash and cash equivalents	3	27
Cash and cash equivalents at end of financial period	7,547	8,087

Cash and cash equivalents comprised

Cash on hand and at bank	5,898	5,081
Fixed deposits with banks	2,370	3,717
Cash and cash equivalents as per consolidated statement of financial position	8,268	8,798
Less: fixed deposits pledged	(721)	(711)
Cash and cash equivalents as per consolidated statement of cash flows	7,547	8,087

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

Consolidated Statement of Changes in Equity for the period ended 30 June

<u>Group</u> (Unaudited)	Share Capital (S\$'000)	Merger Reserve (S\$'000)	Foreign Currency Translation Account (S\$'000)	Retained Earnings (S\$'000)	Total (S\$'000)	Non- controlling interest (S\$'000)	Total Equity (S\$'000)
Balance as at 01 January 2019	5,125	1,312	(97)	9,999	16,339	1	16,340
Loss for the financial period	-	-	-	(1,430)	(1,430)	-	(1,430)
Other Comprehensive income:							
Exchange differences on translating foreign operations	-	-	1	-	1	-	1
Total comprehensive income for the financial period	-	-	1	(1,430)	(1,429)	-	(1,429)
Transaction with owners of the Parent							
Dividends	-	-	-	(388)	(388)	-	(388)
Total transaction with owners of the parent	-	-	-	(388)	(388)	-	(388)
Balance as at 30 June 2019	5,125	1,312	(96)	8,181	14,522	1	14,523

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	Share Capital (S\$'000)	Merger Reserve (S\$'000)	Foreign Currency Translation Account (S\$'000)	Retained Earnings (S\$'000)	Total (S\$'000)	Non- Controlling interest (S\$'000)	Total Equity (S\$'000)
Group (Unaudited)							
Balance as at 01 January 2018	5,125	1,312	(98)	10,466	16,805	15	16,820
Loss for the financial period	-	-	-	(656)	(656)	-	(656)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	16	-	16	-	16
Total comprehensive income for the financial period	-	-	16	(656)	(640)	-	(640)
Transaction with owners of the Parent							
Dividends	-	-	-	(775)	(775)	-	(775)
Total transaction with owners of the parent	-	-	-	(775)	(775)	-	(775)
Balance as at 30 June 2018	5,125	1,312	(82)	9,035	15,390	15	15,405

Denotes amount less than S\$1,000

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Consolidated Statement of Changes in Equity for the period ended 30 June - continued

Company (Unaudited)	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total Equity (S\$'000)
Balance as at 01 January 2019	5,125	530	5,655
Loss for the financial period	-	(94)	(94)
Total comprehensive income for the financial period	-	(94)	(94)
Transaction with owners of the parent			
Dividends	-	(388)	(388)
Total transaction with owners of the parent	-	(388)	(388)
Balance as at 30 June 2019	5,125	48	5,173
Company (Unaudited)	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total Equity (S\$'000)
Balance as at 01 January 2018	5,125	533	5,658
Loss for the financial period	-	(1,395)	(1,395)
Total comprehensive income for the financial period	-	(1,395)	(1,395)
Transaction with owners of the parent			
Dividends	-	(775)	(775)
Total transactions with owners of parent	-	(775)	(775)
Balance as at 30 June 2018	5,125	(1,637)	3,488

There are no outstanding convertibles or shares held as treasury shares as at 30 June 2019 and 30 June 2018.

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 the 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 were no changes in the Company's share capital since the end of the previous period reported on, being 31 December 2018.

There are no outstanding convertibles or shares held as treasury shares as at 30 June 2019 and 30 June 2018.

There were no subsidiary holdings during the current financial period reported on.

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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.

As at 30 June 2019, the issued share capital of the Company comprised 155,000,000 ordinary shares (31 December 2018: 155,000,000 ordinary shares).

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

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.

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.

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.

As highlighted in point 5 below, the Group and the Company have consistently applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting periods as compared to its most recent audited consolidated financial statements for the financial year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company's financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention. In prior year, the Group and the Company have reported its first set of financial information under SFRS(I)s 1 First-time Adoption of Singapore Financial Reporting Standards (International) which was applied consistently in its opening statement of financial position at 1 January 2017 and throughout all reporting periods presented, as if these policies had always been in effect.

In the current financial year, the Group and the Company have adopted all the SFRS(I)s that are relevant to its operations and effective for the current financial year consistently, which includes SFRS(I) 16 Leases. On adoption of SFRS(I) 16, the Group and the Company have capitalised their rented office spaces, warehouses and office equipment on the statements of financial position by recognising them as right-of-use ("ROU") assets and their corresponding lease liabilities for the present value of future lease payments. The Group and the Company have adopted the standard consistently in its opening statement of financial position as at 1 January 2019 using the modified retrospective method. The adoption of the new/revised SFRS(I) had no material effect on the amounts reported for the current or prior financial years.

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

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Loss per share	Group	
	1H2019 (Unaudited)	1H2018 (Unaudited)
Loss attributable to owners of the Company (S\$'000)	(1,430)	(656)
Weighted average number of ordinary shares for calculation of		
(a) Basic earnings per share ⁽¹⁾	155,000,000	155,000,000
(b) Diluted earnings per share ⁽²⁾	155,000,000	155,000,000
Loss per ordinary share (cents):-		
(a) Based on weighted average number of issued ordinary shares ⁽¹⁾	(0.92)	(0.42)
(b) On a fully diluted basis ⁽²⁾	(0.92)	(0.42)

Notes:

- (1.) The calculation for the basic and diluted EPS for the respective financial periods are based on the weighted average number of ordinary shares in issue in the respective financial period.
(2.) The basic and diluted earnings/(loss) per share were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

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 financial period reported on; and
(b) Immediately preceding financial year.

	Group		Company	
	30.06.2019 (Unaudited)	31.12.2018 (Audited)	30.06.2019 (Unaudited)	31.12.2018 (Audited)
Net Asset Value ("NAV") attributable to owners of the Company (S\$'000)	14,522	16,339	5,173	5,655
Actual Number of Issued Ordinary shares	155,000,000	155,000,000	155,000,000	155,000,000
NAV per ordinary share (cents)	9.37	10.54	3.34	3.65

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 financial period reported on.

Review of the Group's performance

Consolidated Statement of Comprehensive Income

Revenue

For the period ended 30 June 2019 ("1H2019"), the Group recorded revenue amounting to S\$13.32 million compared to S\$14.97 million in the previous corresponding period ("1H2018"). The

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decrease in Group's revenue was primarily due to lower sales generated from fabrication and distribution for project delivery.

Cost of sales and gross profit

The Group's cost of sales decreased by approximately S\$1.40 million from S\$10.30 million in 1H2018 to S\$8.90 million in 1H2019. This was mainly due to a drop in revenue.

The Group's gross profit for 1H2019 is approximately S\$4.43 million as compared to S\$4.67 million in 1H2018.

Other items of income

Other income decreased approximately by S\$0.04 million from S\$0.28 million in 1H2018 to S\$0.24 million in 1H2019, mainly due to the decrease in non-trade foreign exchange gain, government grants, and other income of approximately S\$0.06 million and partially offset by the increase in sales of scraps and bad debts recovered of approximately S\$0.02 million.

Distribution costs

Distribution expenses increased by S\$0.27 million to S\$2.01 million in 1H2019 compared to S\$1.74 million in 1H2018. This was due to the increase in staff costs for additional headcount in sales and sales support personnel of approximately S\$0.28 million, business travelling of approximately S\$0.03 million due to travelling for on-site visits for project in Malaysia and Maldives, sponsorship of approximately S\$0.02 million and offset by the decrease in advertising and marketing expenses of approximately S\$0.02 million and carriage outwards of approximately S\$0.03 million.

Depreciation expenses of approximately S\$0.10 million was attributable to depreciation of ROU assets arising from adoption of SFRS(I) 16 Leases. The increase was partially offset by lower rental expenses of approximately S\$0.11 million.

Administrative and other expenses

Administrative and other expenses increased by approximately S\$0.25 million to S\$3.85 million in 1H2019 from S\$3.60 million in 1H2018, mainly due to the dual listing expenses incurred during 1H2019 of approximately S\$1.50 million as compared to approximately S\$1.20 million in 1H2018. As at 31 December, certain listing expenses were included in prepayments for capitalisation upon issuance of shares for the dual listing. Since the listing application was rejected on 22 July 2019, the prepayments were charged to income statement during the period ended 30 June 2019.

In addition there were increases in donations of approximately S\$0.03 million for payment of bursaries to SMU and charitable organisation, legal and professional fees of approximately S\$0.02 million and decrease in staff welfare and incentive of approximately S\$0.10 million.

Depreciation expenses of S\$0.17 million was attributable to depreciation of ROU assets arising from adoption of SFRS(I) 16 Leases. The increase was partially offset by lower rental expenses.

Finance costs

Finance costs increased by approximately S\$0.04 million from S\$0.09 million in 1H2018 to S\$0.13 million in 1H2019. This is due to recognition of finance cost on lease liabilities of approximately S\$0.03 million in 1H2019 upon the adoption of SFRS(1) 16 on 1 January 2019 and increase in utilisation of invoice financing of approximately S\$0.01 million.

Income tax expense

Income tax expense is estimated to be S\$0.09 million in 1H2019 due to current tax expenses of S\$0.16 million in 1H2019, offset by over provision of income tax in prior year of approximately S\$0.07 million.

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Loss for the financial period

The Group reported a net loss attributable to equity shareholders of approximately S\$1.43 million in 1H2019 compared to S\$0.66 million in 1H2018 due in particular to the expenses for the proposed dual primary listing on Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“SEHK”) (the “Proposed SEHK Listing”). The Group had incurred listing expenses of S\$1.50 million recognised as administrative and other expense in the financial statements, which are one-off in nature.

As at 31 December, certain listing expenses were included in prepayments for capitalisation upon issuance of shares for the dual primary listing. Since the listing application was rejected on 22 July 2019, the prepayments were charged to income statement during the period ended 30 June 2019.

Excluding the dual listing expenses, the Group would have recorded a net profit of S\$0.08 million.

Statement of Financial Position

Non-current assets

The Group’s non-current assets increase by S\$1.48 million to S\$3.78 million as at 30 June 2019 (31 December 2018: S\$2.30 million). The ROU assets of approximately S\$1.56 million arose from the Group’s adoption of SFRS(I) 16 on 1 January 2019. The decrease in property, plant and equipment and intangible assets was mainly due to the depreciation of approximately S\$0.33 million and offsetted by the increase in purchase of property, plant and equipment and intangible assets of approximately S\$0.25 million during the period.

Current assets

The Group’s reported current assets amounted to approximately S\$22.75 million as at 30 June 2019 (31 December 2018: S\$25.80 million).

The Group’s inventories increased by S\$0.33 million from S\$3.94 million as at 31 December 2018 to S\$4.27 million as at 30 June 2019. The higher inventories was mainly attributable to buffer of stock for new projects due to long lead time.

The decrease in trade and other receivables by S\$1.41 million from S\$11.57 million as at 31 December 2018 to S\$10.16 million as at 30 June 2019 is mainly due to the decrease in prepayments due to the reversal of capitalised dual listing expenses of approximately S\$1.75 million and trade receivable of approximately S\$0.17 million, offsetted by the increase in advance payment to overseas suppliers upon confirmation of purchase orders of approximately S\$0.37 million, non-trade third party receivables of approximately S\$0.14 million.

The decrease in cash and cash equivalents by S\$1.96 million from S\$10.23 million as at 31 December 2018 to S\$8.27 million as at 30 June 2019 was mainly due to payment for the dual listing expenses of approximately S\$0.47 million, payment of dividends of approximately S\$0.39 million, payment of income tax of approximately S\$0.35 million and operating expenses of approximately S\$0.75 million.

Current liabilities

The Group’s current liabilities position decreased by S\$0.34 million from S\$10.22 million as at 31 December 2018 to S\$9.88 million as at 30 June 2019. The decrease in trade and other payables of S\$0.71 million due to lower purchases made, decrease in contract liabilities of approximately S\$0.04 million, decrease in bank borrowings and finance lease obligations of approximately S\$0.22 million due to some of the finance lease are fully paid, decrease in income tax payable of approximately S\$0.23 million due to lower profit for the period as well as recognition of lease liabilities of approximately S\$0.86 million following the adoption of SFRS(I) 16.

Non-current liabilities

The Group’s non-current liabilities increased by S\$0.59 million due to decrease of finance lease obligations of approximately S\$0.13 million as some of the finance lease are fully paid. The lease

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liabilities of approximately S\$0.72 million arose from the Group's adoption of SFRS(I) 16 on 1 January 2019.

Shareholders' equity

As at 30 June 2019, the Group had a shareholders' equity of approximately S\$14.52 million as compared to S\$16.34 million as at 31 December 2018 resulting from decrease in retained earnings.

Consolidated Statement of Cash Flows

Cash and cash equivalents stood at approximately S\$8.27 million as at 30 June 2019, representing a decrease of approximately S\$0.53 million from the cash and cash equivalents balance of S\$8.80 million as at 30 June 2018.

Net cash flows used in operating activities

The Group's net cash outflow used in the operating activities was approximately S\$0.16 million. This was mainly due to cash used for payment of dual listing expenses and operations of the Group.

Net cash flows used in investing activities

Net cash flows used in investing activities during 1H2019 amounted to approximately S\$0.22 million, as a result of additions to property, plant and equipment of approximately S\$0.24 million, additions to intangible assets of approximately S\$0.01 million and offsetted by interest income of approximately S\$0.03 million.

Net cash flows used in financing activities

Net cash flows used in financing activities during 1H2019 was approximately S\$1.25 million. The fresh funds from trust receipts of S\$3.70 million were offsetted by repayment of trust receipts of approximately S\$4.32 million, settlement of finance leases and interest payable of approximately S\$0.24 million and payment of dividends of S\$0.39 million.

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

Not applicable.

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.*

(a) Business

The Group will continue to increase the sales effort in the next reporting period and for the next 12 months:

- a. Dependence on the F&B and hospitality services industries;
- b. Dependence on our continued ability to secure new projects and the non-cancellation of secured projects;
- c. Increase competition from new and existing players; and
- d. Dependence on key personnel for our continued growth.

The Group has established a presence outside of the Singapore market in overseas locations such as Malaysia, Myanmar and Maldives. The Group will continue to explore projects in suitable overseas locations.

At the same time, the Group has also expanded its product offering, namely the full spectrum of laundry equipment. Although it is a relatively new product offering, the Group has confidence that

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it will be able to grow this business segment. The Group will also continue to manage and monitor overall costs and expenses.

(b) Corporate Action

On 22 July 2019, the Group had received a letter of rejection from GEM Listing Committee (the "Committee") in regards to the Company's application for the Proposed SEHK Listing in Hong Kong.

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?

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.25 Singapore cent per share
Tax Rate	Tax exempt (one-tier).

(c) Date payable

N.A.

(d) Books closure date

N.A.

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

No dividend has been declared or recommended by the board of directors ("Board" or "Directors") in respect of 1H2019 as the Group wishes to conserve cash for its operations.

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 has not obtained general mandate from shareholders for IPTs. There was no IPTs exceeding S\$100,000 conducted by the Group during the current financial period reported on.

14. Update on use of proceeds

(a) Initial Public Offering ("IPO")

As at the date of this announcement, the utilisation of the IPO proceeds is as follows:

Intended usage in accordance with the Offer Document	Allocation	Amount utilised	Amount un-utilised
	S\$'000	S\$'000	S\$'000
(a) Acquisition of additional fabrication equipment and machinery	700	319	381
(b) Funding our expansion, including by way of acquisitions, joint ventures and/or strategic alliances	1,600	-	1,600
(c) For general working purposes of our Group	975	975	-
(d) IPO expenses	1,325	1,335	(10)
Total	4,600	2,629	1,971

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The above utilisation of the proceeds from IPO is consistent with the intended uses as disclosed in the Offer Document. The Group has un-utilised IPO proceeds of approximately S\$1.97 million as at 30 June 2019, of which S\$381,000 could be used to fund the acquisition of additional plant equipment and machinery and the remaining S\$1.6 million is allocated for business expansion, including by way of acquisitions, joint ventures and/or strategic alliances activities. The Company will make periodic announcements on the use of proceeds as and when the funds are materially disbursed. The funds are currently placed in deposits with banks and financial institutions while waiting for right investment decision and business opportunities.

(b) Placement

The Company has raised net proceeds from the placement of approximately S\$1.0 million. As at the date of this announcement, the net proceeds have not been utilised.

15. Negative Confirmation by the Board Pursuant to Rule 705(5)

To the best of their knowledge, the Board of Directors have confirmed that nothing has come to their attention which may render the unaudited financial results of the Group for 1H2019 presented in this announcement to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of Singapore Kitchen Equipment Limited hereby confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all the directors and executive officers as required in the format set out in Appendix 7H.

BY ORDER OF THE BOARD

Sally Chua Chwee Choo
Executive Director and Chief Executive Officer
8 August 2019

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Eric Wong (Director, Investment Banking). The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.