

**Half Year Financial Statement and Related Dividend Announcement
For the Half Year Period ended 31 March 2014**

This announcement has been prepared by Chew's Group Limited (the "Company") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte Ltd (the "Sponsor" or "PPCF"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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 Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 62298088.

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, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statement of Comprehensive Income
(Six months financial period ended 31 March 2014 ("1HY2014") vs Six months financial period ended 31 March 2013 ("1HY2013"))**

	Unaudited		Increase/ (Decrease) %
	1HY2014 S\$'000	1HY2013 S\$'000	
Revenue	15,534	13,256	17
Other operating income	245	164	49
Changes in inventories	679	180	277
Purchase of materials	(3,491)	(2,419)	44
Employee benefits expenses	(1,939)	(1,381)	40
Depreciation and amortisation of land use rights	(153)	(128)	20
Rental expenses	(41)	(28)	46
Amortisation of biological assets	(7,508)	(7,222)	4
Other operating expenses	(1,968)	(1,521)	29
Finance costs	(66)	(57)	16
Profit before income tax	1,292	844	53
Income tax (expense) credit	(228)	294	NM
Profit for the period	1,064	1,138	(7)
Profit attributable to:			
Owners of the Company	1,098	1,143	(4)
Non-controlling interests	(34)	(5)	580
	1,064	1,138	(7)

Consolidated Statement of Comprehensive Income (1HY2014 vs 1HY2013)

	Unaudited		Increase/ (Decrease) %
	1HY2014 S\$'000	1HY2013 S\$'000	
Profit for the period	1,064	1,138	(7)
Other comprehensive loss for the period:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(5)	(2)	150
Total comprehensive income for the period	1,059	1,136	(7)
Total comprehensive income attributable to:			
Owners of the Company	1,093	1,141	(4)
Non-controlling interests	(34)	(5)	580
	1,059	1,136	(7)

Notes to Consolidated Statement of Comprehensive Income

	Unaudited		Increase/ (Decrease) %
	1HY2014 S\$'000	1HY2013 S\$'000	
Interest Income	1	6	(83)
Government grant income	100	77	30
Write-back of / (Allowance for) doubtful trade receivables, net	2	(3)	NM
Biological assets written off	(580)	(243)	139
Loss on disposal of property, plant and equipment, net	59	-	NM
Foreign exchange gain/(losses) - net	4	(7)	NM

NM – Not Meaningful

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

Statement of Financial Position	Group		Company	
	31/03/2014 Unaudited S\$'000	30/09/2013 Audited S\$'000	31/03/2014 Unaudited S\$'000	30/09/2013 Audited S\$'000
ASSETS				
Current assets				
Cash and bank balances	2,866	3,432	978	1,488
Trade receivables	3,908	3,908	-	-
Other receivables	787	884	2,035	1,946
Inventories	1,721	1,042	-	-
Total current assets	9,281 ⁽¹⁾	9,265 ⁽¹⁾	3,013	3,435 ⁽¹⁾
Non-current assets				
Property, plant and equipment	12,119	10,688	-	-
Land use rights	1,356	1,409	-	-
Biological assets	6,441	6,303	-	-
Other receivables	5,064	1,606	-	-
Investment in subsidiaries	-	-	10,619	10,362
Total non-current assets	24,981 ⁽¹⁾	20,006	10,619	10,362
Total assets	34,262	29,271	13,632	13,797
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	3,631	1,659	11	42
Other payables	3,280	1,421	197	386
Current portion of bank loan	378	369	-	-
Current portion of finance leases	917	917	-	-
Income tax payable	241	409	3	4
Total current liabilities	8,447	4,776 ⁽¹⁾	211	433 ⁽¹⁾
Non-current liabilities				
Other payables	1,399	1,486	-	-
Bank loan	1,199	321	-	-
Finance leases	1,286	1,508	-	-
Deferred tax liability	354	294	-	-
Total non-current liabilities	4,239 ⁽¹⁾	3,609	-	-
Capital and reserves				
Share capital	13,292	13,292	13,292	13,292
Capital reserve	2	2	-	-
Retained earnings	8,173	7,523	129	72
Foreign exchange translation reserve	(6)	(1)	-	-
Equity attributable to owners of the Company	21,461	20,815 ⁽¹⁾	13,421	13,364
Non-controlling interests	116	72	-	-
Total equity	21,577	20,887	13,421	13,364
Total liabilities and equity	34,262⁽¹⁾	29,271⁽¹⁾	13,632	13,797

Note: ⁽¹⁾ As a result of rounding differences, numbers or percentages may not add up to the total.

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

Amount repayable in one year or less, or on demand

As at 31/03/2014 (Unaudited)		As at 30/09/2013 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,295	-	1,286	-

Amount repayable after one year

As at 31/03/2014 (Unaudited)		As at 30/09/2013 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,485	-	1,829	-

Details of any collateral

Obligations under finance leases are secured over the leased assets and corporate guarantees provided by the Company to the financial institutions. Obligations under the bank loans are secured over the property at 8A Admiralty Street #07-18 Singapore 757437 ("**the Factory**") and corporate guarantees provided by the Company.

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

Consolidated Statement of Cash Flows

	1HY2014 Unaudited S\$'000	1HY2013 Unaudited S\$'000
Operating activities		
Profit before income tax	1,292	844
Adjustments for:		
Interest expense	66	57
Interest income	(1)	(6)
Biological assets written off, net	580	243
Depreciation of property, plant and equipment	149	123
Amortisation of land use rights	3	5
Amortisation of biological assets	7,508	7,222
(Write-back of) Allowance for doubtful trade receivables, net	(2)	3
Loss on disposal of property, plant and equipment, net	59	-
Government grant income	(100)	(72)
	9,554	8,419
Operating cash flows before movements in working capital		
Trade receivables	2	(418)
Other receivables	97	(164)
Inventories	(679)	(180)
Trade payables	1,972	377
Other payables	1,859	(405)
Cash generated from operations	12,805	7,629
Interest paid	(66)	(57)
Income tax (paid) refund	(336)	249
Net cash generated from operating activities	12,403	7,821
Investing Activities		
Advance payment for property, plant and equipment	(3,458)	(10)
Proceeds on disposal of property, plant and equipment	16	-
Purchases of property, plant and equipment ⁽¹⁾	(1,882)	-
Proceeds on disposal of biological assets	196	237
Purchases of biological assets	(7,864)	(7,813)
Interest received	1	6
Net cash used in investing activities	(12,991)	(7,580)

Consolidated Statement of Cash Flows

	1HY2014 Unaudited S\$'000	1HY2013 Unaudited S\$'000
Financing activities		
Government grant deferred	14	489
Proceeds from bank loan	1,100	-
Repayments of bank loan	(213)	(174)
Repayments of obligations under finance leases	(505)	(103)
Dividends paid	(448)	(414)
Contribution by non-controlling shareholders in subsidiary	79	-
Net cash from(used in) financing activities	27	(202)
Net (decrease)increase in cash and cash equivalents	(561)	39
Cash and cash equivalents at the beginning of the period	3,330	4,895
Effects of exchange rate changes on the balance of cash held in foreign currencies	(5)	(2)
Cash and cash equivalents at end of the period⁽²⁾	2,764	4,932

Notes:

⁽¹⁾ During 1HY2014, the Group acquired property, plant and equipment at an aggregate cost of \$2,164,335 of which \$281,951 was acquired under finance arrangements and cash payments of \$1,882,384 were made to purchase the property, plant and equipment. In 1HY2013, the Group acquired property, plant and equipment at an aggregate cost of \$1,426,318 which was fully acquired under finance arrangements.

⁽²⁾ Cash and cash equivalents as at 31 March 2014 and 31 March 2013 comprised pledged fixed deposits and cash and bank balances as below.

	1HY2014 Unaudited S\$'000	1HY2013 Unaudited S\$'000
Cash and bank balances	2,866	5,033
Pledged fixed deposits	(102)	(101)
Cash and cash equivalents in the statement of cash flows	2,764	4,932

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

	Share capital	Capital reserve	Retained earnings	Foreign exchange translation reserve	Attributable to owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (Unaudited)							
Balance as at 1 October 2013	13,292	2	7,523	(1)	20,815	72	20,887
Dividends paid	-	-	(448)	-	(448)	-	(448)
Non-controlling interests arising from increase in share capital	-	-	-	-	-	79	79
Total comprehensive income for the period	-	-	1,098	(5)	1,093	(34)	1,059
Balance as at 31 March 2014	13,292	2	8,173	(6)	21,461⁽¹⁾	116⁽¹⁾	21,577
Group (Unaudited)							
Balance as at 1 October 2012	13,292	2	5,641	2	18,937	(10)	18,927
Total comprehensive income for the period	-	-	1,143	(2)	1,141	(5)	1,136
Dividends paid	-	-	(414)	-	(414)	-	(414)
Balance as at 31 March 2013	13,292	2	6,370	-	19,664	(16)	19,648⁽¹⁾

	Share capital	Retained earnings	Total
	S\$'000	S\$'000	S\$'000
Company (Unaudited)			
Balance as at 1 October 2013	13,292	72	13,364
Total comprehensive income for the period	-	505	505
Dividends paid	-	(448)	(448)
Balance as at 31 March 2014	13,292	128⁽¹⁾	13,421
Company (Unaudited)			
Balance as at 1 October 2012	13,292	(31)	13,261
Total comprehensive income for the period	-	636	636
Dividends paid	-	(414)	(414)
Balance as at 31 March 2013	13,292	191	13,483

Note:

⁽¹⁾ As a result of rounding differences, numbers or percentages may not add up to the total.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares 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.

There was no change in the Company's share capital since 30 September 2013. The issued and paid-up capital of the Company as at 31 March 2014 and 30 September 2013 was \$13,292,106 comprising 84,498,000 shares.

There were no outstanding options, convertibles or treasury shares as at 31 March 2014 and 31 March 2013.

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

	Company 31/3/2014	Company 30/09/2013
Total number of issued shares excluding treasury shares	84,498,000	84,498,000

There were no treasury shares as at 31 March 2014 and 30 September 2013.

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

Not applicable. The Company did not have treasury shares during and as at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed by the Company's independent auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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

Save as disclosed in item 5 below, the 1HY2014 financial results have been prepared using the same accounting policies and methods of computation as presented in the Group's audited financial statements for the financial year ended 30 September 2013.

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

The Group has adopted all new and/or revised Singapore Financial Reporting Standards ("**FRSs**") and interpretation of FRSs ("**INT FRSs**") that are relevant to its operations and effective for the financial period beginning on or after 1 October 2013.

The adoption of these new/revised FRSs and INT FRSs does not result in changes in the Group's accounting policies and has no material impact on the financial statements reported for the current financial period or prior financial periods.

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

	Group (unaudited)	
	1HY2014	1HY2013
Profit attributable to owners of the Company (S\$'000)	1,098	1,143
Basic and diluted earnings per share (" EPS ") in Singapore cents ⁽¹⁾	1.30	1.36

Notes:

⁽¹⁾ The basic and diluted EPS are computed based on the total number of issued shares in the Company of 84,498,000.

The basic and diluted EPS were the same as there were no potentially dilutive ordinary shares existing during 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	
	31/03/2014 Unaudited	30/09/2013 Audited	31/03/2014 Unaudited	30/09/2013 Audited
Net asset value per ordinary share based on total number of issued shares excluding treasury shares (Singapore cents)	25.54	24.72	15.88	15.82
Number of ordinary share in issue	84,498,000	84,498,000	84,498,000	84,498,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss 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 Financial Performance of the Group (1HY2014 vs 1HY2013)

The Group continued to grow its revenue and achieved a revenue of \$15.5 million in 1HY2014, representing an increase of \$2.3 million or 17% as compared to \$13.3 million in 1HY2013. This was mainly contributed from higher sales of designer and generic eggs produced by the Group by \$1.8 million, imported eggs by \$0.2 million and spent grains by \$0.2 million. The higher revenue from the designer and generic eggs in 1HY2014 was mainly driven by higher selling prices and higher sales volume, as compared to 1HY2013.

Other operating income of the Group increased marginally by \$0.1 million as the Group continued to recognise grants from the Agri-Food and Veterinary Authority of Singapore under the Food Fund scheme.

The Group increased its inventories by \$0.7 million (mainly comprises feed materials) from 1 October 2013, in anticipation of higher feed raw material prices in the second half year of financial year ending 30 September 2014 ("**2HY 2014**").

Purchase of materials increased by \$1.1 million or 44%, from \$2.4 million in 1HY2013 to \$3.5 million in 1HY2014. This was largely due to the increase in the expenses incurred for the purchase of feed materials of \$0.5 million to provide for the growth in the number of chickens reared in 1HY2014, increase in packaging material costs of \$0.2 million due to the increase in sales volume of our designer and generic eggs and increase in the purchase of imported eggs for sale to hypermarkets by \$0.2 million.

Employee benefits expenses increased by \$0.5 million or 40% from \$1.4 million in 1HY2013 to \$1.9 million in 1HY2014 attributable to higher foreign workers' levies in addition to hiring our in-house team of delivery drivers in April 2013 to replace outsourced delivery drivers.

Depreciation and amortisation of land use rights increased by \$0.03 million or 20% to \$0.2 million in 1HY2014, mainly due to the upgrading of the farm facilities and the purchase of the Factory for food production in October 2013.

The Group increased its rental expenses by \$0.01 million or 46% to \$0.04 million in 1HY2014 as a result of renting of a farm equipment in the second half year of the financial year ended 30 September 2013 ("2HY 2013").

Amortisation of biological assets increased by \$0.3 million or 4%, from \$7.2 million in 1HY2013 to \$7.5 million in 1HY2014. This increase was mainly due to higher material, maintenance and staff costs being capitalised to biological assets and subsequently amortised in 1HY2014. The increase in amortisation of biological assets was in tandem with the increased number of chickens reared in 1HY2014.

Other operating expenses increased by \$0.5 million or 29%, from \$1.5 million in 1HY2013 to \$2.0 million in 1HY2014. This was mainly due to (i) increase in write-off of biological assets by \$0.3 million in 1HY2014 mainly due to a decline in the selling price of spent hens, (ii) higher casual labour costs of \$0.1 million to support the increased activities in the farm and (iii) increase in insurance expense of \$0.1 million as we managed to expand the insurance coverage to include the occurrence of certain avian influenza outbreak. However, this increase was partially offset by lower carriage charges of \$0.2 million as we built our in-house team of delivery drivers.

The Group's finance expenses of \$0.1 million in 1HY2014 was mainly due to the interest paid on the finance leases and bank loans taken for the upgrading of the farm and feed mill facilities and purchase of the Factory in October 2013 to expand its range of food products and also to create better value for its spent hens. The Group's expansion into food production will involve the processing of its spent hens for the production of chicken soup.

The Group made a tax provision of \$0.2 million (18% of profit before tax) in 1HY2014 as compared to a net tax credit of \$0.3 million in 1HY2013. The tax credit was due to tax refunds of \$0.4 million received during 1HY2013, resulting from the reassessment of prior years' taxes pursuant to the Group's claims for industrial building allowance.

Profit for the period decreased by \$0.1 million or 7% from 1HY2013 to S\$1.1 million in 1HY2014.

Review of the Financial Position of the Group

The Group's total assets increased by \$5.0 million, from \$29.3 million as at 30 September 2013 to \$34.3 million as at 31 March 2014. The Group's current assets as at 31 March 2014 was \$9.3 million which accounted for 27% of the Group's total assets, was a marginal increase of \$0.02 million from 30 September 2013. The increase was mainly due to higher inventories by \$0.7 million, partially offset by the decline in the Group's cash and bank balances of \$0.6 million. The Group increased its inventories of feed materials in anticipation of the higher prices of feed materials in 2HY2014. The Group's non-current assets as at 31 March 2014 was \$25.0 million

which accounted for 73% of the Group's total assets, was an increase of \$5.0 million from 30 September 2013. This was mainly due to the increase in property, plant and equipment of \$1.4 million as the Group's invested \$1.6 million to purchase the Factory in 1HY2014. The Group's other receivables increased by \$3.5 million attributable to progressive payments made on the construction of the biogas plant and the chicken soup processing equipment in 1HY2014. Upon the completion of these facilities, these costs will be capitalised to our property, plant and equipment.

The Group's total liabilities increased by \$4.3 million, from \$8.4 million as at 30 September 2013 to approximately \$12.7 million as at 31 March 2014, mainly attributable to the increase in current trade payables of \$2.0 million for the purchase of feed inventories and increase in other current payables of \$1.9 million for the construction of the biogas plant and chicken soup processing equipment. The Group's bank loan increased by \$0.9 million, mainly due to the mortgage loan of \$1.1 million taken to purchase the Factory.

The Group had a positive working capital of approximately \$0.8 million as at 31 March 2014, as compared with approximately \$4.5 million as at 30 September 2013. The decrease working capital is largely due to the increase in current payables arising from the construction of the biogas plant and chicken soup facilities which is expected to be completed in 2HY2014.

Review of the Statement of Cash Flows for the Group

The Group's cash and cash equivalents decreased by \$2.2 million, from \$4.9 million as at 30 September 2013 to \$2.8 million as at 31 March 2014.

In 1HY2014, the Group recorded net cash generated from operating activities of \$12.4 million, as compared to \$7.8 million in 1HY2013. The higher cash inflows was due to an increase in operating cash flows before movements in working capital of \$1.1 million, increase in the movement in working capital by \$3.3 million mainly due to increase in trade and other payables, partially offset by the tax payment of \$0.3 million in 1HY2014 compared to a net tax refunds of \$0.2 million in 1HY2013.

The Group utilised \$13.0 million in 1HY2014 in investing activities, mainly due to progressive payments made for the construction of the biogas plant and the chicken soup processing equipment, the purchase of biological assets and the Factory.

Net cash from financing activities in 1HY2014 amounted to \$0.03 million, due to the mortgage loan of \$1.1 million taken to purchase the Factory during 1HY2014, offset by the repayment of finance leases and bank loan of \$0.7 million and payment of dividends of \$0.5 million in 1HY2014.

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

No forecast or prospect statement has been previously disclosed.

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

While the Group expects the prices of feed materials to rise in 2HY 2014, the Group has taken measures to minimise the impact, including increasing the Group's inventory level. The Group will continue to monitor the situation.

The construction of the biogas plant has entered into its final phase and the Group expects the plant to be commissioned in the last quarter of FY2014.

The Group expects to commence the first run of the chicken soup production before the end of FY2014 which are expected to be sold to restaurants and major food and beverage outlets.

The construction of the first high technology aquaculture factory in Hainan is currently in progress and the rearing of the first batch of sea cucumber is expected to commence in the last quarter of FY2014.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable: Not applicable.

(d) Books closure date: Not applicable.

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

No dividends have been declared/recommended for 1HY 2014.

13. On-going Interested Person Transactions

There were no interested person transactions for 1HY 2014 The Company does not have a general mandate from its shareholders for recurrent interested person transactions.

14. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual.

We, Chew Chee Bin and Chew Eng Hoe, being two directors of the Company, hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 6 months period ended 31 March 2014 to be false and misleading in any material aspect.

On behalf of the Board of Directors:

Chew Chee Bin
Executive Chairman
12 May 2014

Chew Eng Hoe
Managing Director

By Order of the Board

Chew Chee Bin
Executive Chairman
12 May 2014