



## Kimly Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 201613903R)

---

### Unaudited Financial Statements and Dividend Announcement For the third quarter ended 30 June 2017

---

Kimly Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 March 2017. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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

#### **Background**

The Company was incorporated on 23 May 2016 in Singapore under the Singapore Companies Act as a company limited by shares under the name of "Kimly Pte. Ltd.". The Company was converted into a public limited company and renamed "Kimly Limited" on 3 February 2017.

The group comprising the Company and its subsidiaries (the "**Group**") was formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") undertaken as part of a corporate reorganisation implemented for the purposes of the Company's listing on Catalist. Please refer to the Company's offer document dated 8 March 2017 ("**Offer Document**") for further details on the Restructuring Exercise.

The Group is principally engaged in the operation and management of coffee shops, food courts and food stalls in Singapore under its two divisions, namely the outlet management division and the food retail division.

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

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

**Combined Statements of Comprehensive Income**

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	3Q FY2017 S\$'000	3Q FY2016 S\$'000		9M FY2017 S\$'000	9M FY2016 S\$'000	
<b>Revenue</b>	47,859	44,097	8.5	142,173	126,506	12.4
Cost of sales	(39,012)	(34,612)	12.7	(112,900)	(98,655)	14.4
<b>Gross profit</b>	8,847	9,485	(6.7)	29,273	27,851	5.1
<b>Other item of income</b>						
Interest income	24	-	N.M	24	-	N.M
Other operating income	811	663	22.3	2,008	2,040	(1.6)
<b>Other items of expense</b>						
Selling and distribution expenses	(776)	(713)	8.8	(2,264)	(1,933)	17.1
Administrative expenses	(2,852)	(2,377)	20.0	(9,685)	(7,340)	31.9
Interest expense	-	-	-	(116)	(2)	N.M.
Other operating expense	(78)	(149)	(47.7)	(374)	(382)	(2.1)
<b>Profit before tax</b>	5,976	6,909	(13.5)	18,866	20,234	(6.8)
Income tax expense	(740)	(366)	102.2	(2,415)	(1,072)	125.3
<b>Profit for the period, representing total comprehensive income for the period</b>	<u>5,236</u>	<u>6,543</u>	(20.0)	<u>16,451</u>	<u>19,162</u>	(14.1)
<b>Attributable to:</b>						
Owners of the Company (Note 3)	5,236	3,229	62.2	16,451	9,665	70.2
Non-controlling interests	-	3,314	N.M	-	9,497	N.M
	<u>5,236</u>	<u>6,543</u>	(20.0)	<u>16,451</u>	<u>19,162</u>	(14.1)

Notes:

- (1) 3Q denotes financial period from 1 April to 30 June
- (2) 9M denotes financial period from 1 October to 30 June
- (3) Assuming the Restructuring Exercise had been completed on 1 October 2015, there would be no profit attributable to non-controlling interest and hence the profit attributable to owners of the Company for 3Q FY2016 and 9M FY2016 would have been S\$6,543,000 and S\$19,162,000 respectively.
- (4) N.M denotes not meaningful

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

**The Group's profit before tax was arrived at after charging the following:**

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	3Q FY2017 S\$'000	3Q FY2016 S\$'000		9M FY2017 S\$'000	9M FY2016 S\$'000	
Depreciation of property, plant and equipment	517	348	48.6	1,427	1,093	30.6
Amortisation of lease assignment fees	78	149	(47.7)	311	382	(18.6)
Directors' fees	98	-	N.M	98	25	N.M
Employee benefits expense	13,037	11,025	18.2	36,483	31,790	14.8
Operating lease expenses	8,269	6,498	27.3	24,118	18,504	30.3
Interest expense	-	-	-	11	2	N.M
Interest income	(24)	-	N.M	(24)	-	N.M
Amortisation of liability component of convertible loan	-	-	-	106	-	N.M
Fair value loss on derivative liability	-	-	-	63	-	N.M
Listing expenses	-	-	-	1,012	-	N.M
Legal and other professional fees	286	98	191.8	504	696	(27.6)

**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**

**Combined Statements of Financial Position**

	Group		Company	
	30/6/2017	30/9/2016	30/6/2017	30/9/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6,660	4,087	-	-
Intangible assets	-	311	-	-
Investment in subsidiaries	-	-	238,997	122,478
Other receivables	4,965	4,062	-	-
	<u>11,625</u>	<u>8,460</u>	<u>238,997</u>	<u>122,478</u>
<b>Current assets</b>				
Trade and other receivables	4,981	2,926	3,428	-
Inventories	1,242	1,239	-	-
Prepayments	172	1,317	13	-
Cash and bank balances	76,593	29,446	45,685	-
	<u>82,988</u>	<u>34,928</u>	<u>49,126</u>	<u>-</u>
<b>Total assets</b>	<u>94,613</u>	<u>43,388</u>	<u>288,123</u>	<u>122,478</u>
<b>Current liabilities</b>				
Trade and other payables	18,500	16,185	31	-
Other liabilities	4,751	6,318	689	855
Obligations under finance leases	-	25	-	-
Provision for restoration costs	170	160	-	-
Provision for taxation	2,512	1,174	-	-
	<u>25,933</u>	<u>23,862</u>	<u>720</u>	<u>855</u>
<b>Net current assets</b>	<u>57,055</u>	<u>11,066</u>	<u>48,406</u>	<u>(855)</u>
<b>Non-current liabilities</b>				
Other payables	617	915	-	-
Provision for restoration costs	480	290	-	-
	<u>1,097</u>	<u>1,205</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>27,030</u>	<u>25,067</u>	<u>720</u>	<u>855</u>
<b>Net assets</b>	<u>67,583</u>	<u>18,321</u>	<u>287,403</u>	<u>121,623</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	286,041	122,478	286,041	122,478
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	-	-	-
Retained earnings	14,695	7,762	1,362	(855)
	<u>67,583</u>	<u>10,117</u>	<u>287,403</u>	<u>121,623</u>
Non-controlling interests	-	8,204	-	-
<b>Total equity</b>	<u>67,583</u>	<u>18,321</u>	<u>287,403</u>	<u>121,623</u>
<b>Total equity and liabilities</b>	<u>94,613</u>	<u>43,388</u>	<u>288,123</u>	<u>122,478</u>

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

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

As at 30/6/2017		As at 30/9/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	25	-

**Amount repayable after one year**

As at 30/6/2017		As at 30/9/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

**Details of any collateral**

United Overseas Bank Limited has granted a Money Market Loan facility of S\$1.8 million to the Group. The facility is secured by the property at 13 Woodlands Link. As at 30 June 2017, the facility with United Overseas Bank Limited has not been drawn down.

Leased assets are pledged as security for the related finance lease liabilities. The finance lease commitments of \$25,000 as at 30 September 2016 was repaid in December 2016.

**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.**

**Combined Statements of Cash Flows**

	Group		Group	
	3Q FY2017 S\$'000	3Q FY2016 S\$'000	9M FY2017 S\$'000	9M FY2016 S\$'000
<b>Operating activities</b>				
Profit before tax	5,976	6,909	18,866	20,234
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	517	348	1,427	1,093
Amortisation of intangible assets	78	149	311	382
Listing expenses	-	-	1,012	-
Interest expense	-	-	11	2
Interest income	(24)	-	(24)	-
Amortisation of liability component of convertible loan	-	-	106	-
Fair value loss on derivative liability	-	-	63	-
Total adjustments	571	497	2,906	1,477
<b>Operating cash flows before changes in working capital</b>	6,547	7,406	21,772	21,711
<u>Change in working capital</u>				
Increase in trade and other receivables	(606)	(392)	(2,934)	(1,165)
Decrease/(increase) in inventories	32	(80)	(3)	(100)
(Increase)/decrease in prepayments	(114)	42	1,145	53
Increase in trade and other payables	296	1,191	1,738	1,548
Increase/(decrease) in other liabilities	692	(1,041)	(946)	(837)
Total changes in working capital	300	(280)	(1,000)	(501)
<b>Cash flows from operations</b>	6,847	7,126	20,772	21,210
Income taxes paid	(16)	(472)	(1,078)	(1,114)
<b>Net cash generated from operating activities</b>	6,831	6,654	19,694	20,096
<b>Investing activity</b>				
Purchase of property, plant and equipment (Note A)	(628)	(468)	(3,546)	(1,120)
<b>Net cash used in investing activity</b>	(628)	(468)	(3,546)	(1,120)
<b>Financing activities</b>				
Increase in amount due to the then-existing shareholders of subsidiaries (non-trade)	-	2,688	-	4,377
Share capital contribution to subsidiaries accounted for on a common control basis	-	-	-	100
Repayment of obligations under finance leases	-	(8)	(26)	(41)
Dividends paid to the then-existing shareholders of subsidiaries	-	(806)	(11,000)	(15,690)
Dividends paid on ordinary shares	(3,233)	-	(3,233)	-
Proceeds from convertible loans	-	-	5,000	-
Gross proceeds from issuance of new shares pursuant to IPO	-	-	43,450	-
Listing expenses paid	-	-	(3,192)	-
<b>Net cash (used in)/generated from financing activities</b>	(3,233)	1,874	30,999	(11,254)
<b>Net increase in cash and bank balances</b>	2,970	8,060	47,147	7,722
<b>Cash and bank balances at the beginning of financial period</b>	73,623	28,990	29,446	29,328
<b>Cash and bank balances at the end of financial period</b>	76,593	37,050	76,593	37,050

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

**Note A. Property, plant and equipment**

	Group		Group	
	3Q FY2017	3Q FY2016	9M FY2017	9M FY2016
	S\$'000	S\$'000	S\$'000	S\$'000
Current year additions to property, plant and equipment	912	508	4,000	1,170
Less: Included other payables	(254)	-	(254)	-
Less: Provision for restoration costs	(30)	(40)	(200)	(50)
Net cash outflow for purchase of property, plant and equipment	<u>628</u>	<u>468</u>	<u>3,546</u>	<u>1,120</u>

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

**Combined Statements of Changes in Equity**

	← Attributable to owners of the Company →							
	Share capital	Other Reserves		Premium paid on acquisition of non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
S\$'000	Merger reserve	Deemed contribution from shareholders of subsidiary under common control	S\$'000					
<b>Group</b>								
<b>At 1 October 2016</b>	122,478	(120,591)	468	-	7,762	10,117	8,204	18,321
Profit for the period, representing total comprehensive income for the period	-	-	-	-	6,677	6,677	-	6,677
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of Businesses and Acquisition of Subsidiaries satisfied through issuance of 466,074,567 shares	116,519	-	-	(108,315)	-	8,204	(8,204)	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>238,997</b>	<b>(120,591)</b>	<b>468</b>	<b>(108,315)</b>	<b>14,439</b>	<b>24,998</b>	<b>-</b>	<b>24,998</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	4,538	4,538	-	4,538
<u>Contributions by and distributions to owners</u>								
Conversion of convertible loans into 25,000,000 shares	5,178	-	-	-	-	5,178	-	5,178
Issuance of new shares pursuant to IPO	43,450	-	-	-	-	43,450	-	43,450
Capitalisation of listing expenses	(1,584)	-	-	-	-	(1,584)	-	(1,584)
Conditional dividends paid to then-existing shareholders of subsidiaries	-	-	-	(4,715)	(6,285)	(11,000)	-	(11,000)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	47,044	-	-	(4,715)	(6,285)	36,044	-	36,044
<b>Balance as at 31 March 2017</b>	<b>286,041</b>	<b>(120,591)</b>	<b>468</b>	<b>(113,030)</b>	<b>12,692</b>	<b>65,580</b>	<b>-</b>	<b>65,580</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	5,236	5,236	-	5,236
<u>Transactions with owner, recognised directly in equity</u>								
Dividends on ordinary shares	-	-	-	-	(3,233)	(3,233)	-	(3,233)
<b>Balance as at 30 June 2017</b>	<b>286,041</b>	<b>(120,591)</b>	<b>468</b>	<b>(113,030)</b>	<b>14,695</b>	<b>67,583</b>	<b>-</b>	<b>67,583</b>



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

	← Attributable to owners of the Company →			Total	Non- controlling interests	Total equity
	Share capital	Merger reserve	Retained earnings			
	S\$'000	S\$'000	S\$'000			
<b>Group</b>						
<b>At 1 October 2015</b>	<b>122,478</b>	<b>(120,640)</b>	<b>10,652</b>	<b>12,490</b>	<b>10,147</b>	<b>22,637</b>
Profit for the period, representing total comprehensive income for the period	-	-	3,362	3,362	3,182	6,544
<u>Contributions by and distributions to owners</u>						
Share capital contribution to subsidiaries accounted for on a common control basis	-	37	-	37	33	70
Dividends declared to the then-existing shareholders of subsidiaries	-	-	(852)	(852)	(1,374)	(2,226)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	37	(852)	(815)	(1,341)	(2,156)
<b>Balance as at 31 December 2015 and 1 January 2016</b>	<b>122,478</b>	<b>(120,603)</b>	<b>13,162</b>	<b>15,037</b>	<b>11,988</b>	<b>27,025</b>
Profit for the period, representing total comprehensive income for the period	-	-	3,074	3,074	3,001	6,075
<u>Contributions by and distributions to owners</u>						
Share capital contribution to subsidiaries accounted for on a common control basis	-	12	-	12	18	30
Dividends declared to the then-existing shareholders of subsidiaries	-	-	(6,448)	(6,448)	(6,210)	(12,658)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	12	(6,448)	(6,436)	(6,192)	(12,628)
<b>Balance as at 31 March 2016</b>	<b>122,478</b>	<b>(120,591)</b>	<b>9,788</b>	<b>11,675</b>	<b>8,797</b>	<b>20,472</b>
Profit for the period, representing total comprehensive income for the period	-	-	3,229	3,229	3,314	6,543
<u>Contributions by and distributions to owners</u>						
Dividends declared to the then-existing shareholders of subsidiaries	-	-	(412)	(412)	(394)	(806)
<b>Balance as at 30 June 2016</b>	<b>122,478</b>	<b>(120,591)</b>	<b>12,605</b>	<b>14,492</b>	<b>11,717</b>	<b>26,209</b>

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

Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>Balance at date of incorporation, 23 May 2016 and 30 June 2016</b>	122,478	-	122,478
<b>At 1 October 2016</b>	122,478	(855)	121,623
Loss for the period, representing total comprehensive income for the period	-	(34)	(34)
<u>Changes in ownership interests in subsidiaries</u>			
Acquisition of Businesses and Acquisition of Subsidiaries satisfied through issuance of 466,074,567 shares	116,519	-	116,519
<b>At 31 December 2016 and 1 January 2017</b>	<b>238,997</b>	<b>(889)</b>	<b>238,108</b>
Loss for the period, representing total comprehensive income for the period	-	(1,205)	(1,205)
<u>Contributions by and distributions to owners</u>			
Conversion of convertible loans into 25,000,000 shares	5,178	-	5,178
Issuance of new shares pursuant to IPO	43,450	-	43,450
Capitalisation of listing expenses	(1,584)	-	(1,584)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	47,044	-	47,044
<b>Balance as at 31 March 2017</b>	<b>286,041</b>	<b>(2,094)</b>	<b>283,947</b>
Profit for the period, representing total comprehensive income for the period	-	6,689	6,689
<u>Transactions with owner, recognised directly in equity</u>			
Dividends on ordinary shares	-	(3,233)	(3,233)
<b>Balance as at 30 June 2017</b>	<b>286,041</b>	<b>1,362</b>	<b>287,403</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 to the Company's share capital since 31 March 2017 to 30 June 2017.

As disclosed in the announcements made by the Company on 14 June 2017, 28 June 2017 and 3 July 2017 in relation to, inter alia, the Coffee Shop Agreement and Industrial Canteen Agreement, 3,000,000 Consideration Shares were allotted and issued to the vendor and their respective nominees. The acquisitions were completed on 3 July 2017. Following completion, the issued and paid-up share capital of the Company has increased from 1,154,786,732 Shares to 1,157,786,732 Shares.

The Company did not have any subsidiary holdings, treasury shares or convertible instruments as at 30 June 2017 and 30 June 2016.

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

	<b>30/6/2017</b>	<b>30/9/2016</b>
Total number of issued shares ('000)	1,154,787	489,912

The Company did not have any treasury shares as at 30 June 2017 and 30 September 2016.

- 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. The Company did not have any treasury shares during, and at the end of, the financial period reported on.

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

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

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

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

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

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

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

Save as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 30 September 2016.

**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 the applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 October 2016. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

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

	Group		Group	
	3Q FY2017	3Q FY2016	9M FY2017	9M FY2016
Profit attributable to owners of the Company (S\$'000)	5,236	3,229	16,451	9,665
Weighted average number of ordinary shares in issue ('000)	1,154,787	489,912	1,032,823	489,912
Basic and diluted EPS (S\$ cents per share)	0.45	0.66	1.59	1.97
<b>For illustrative purposes<sup>(1)</sup></b>				
Profit attributable to owners of the Company (S\$'000)	5,236	6,543	16,451	19,162
Weighted average number of ordinary shares in issue ('000)	1,154,787	1,154,787	1,154,787	1,154,787
Basic and diluted EPS (S\$ cents per share)	0.45	0.57	1.42	1.66

Note:-

(1) For comparatives purposes, the EPS for the respective financial periods have been computed based on the profit attributable to owners of the Company and share capital of 1,154,787,000 shares assuming that the Restructuring Exercise and the conversion of convertible loans to 25,000,000 shares and 173,800,000 new shares pursuant to the IPO had been completed as at 1 October 2015.

The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 30 June 2016 and 30 June 2017.

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

**(a) Current period reported on; and**

**(b) Immediately preceding financial year**

	Group		Company	
	30/6/2017	30/9/2016	30/6/2017	30/9/2016
Net asset value ("NAV") (S\$'000)	67,583	18,321	287,403	121,623
Number of ordinary shares in issue ('000)	1,154,787	489,912	1,154,787	489,912
NAV per ordinary share (S\$ cents)	5.85	3.74	24.89	24.83
<b>For illustrative purposes<sup>(1)</sup></b>				
NAV (S\$'000)	67,583	18,321	287,403	121,623
Number of ordinary shares in issue ('000)	1,154,787	1,154,787	1,154,787	1,154,787
NAV per ordinary share (S\$ cents)	5.85	1.59	24.89	10.53

Note:-

(1) For comparatives purposes, the NAV per ordinary share for the respective financial periods have been computed based on the share capital of 1,154,787,000 shares assuming that the Restructuring Exercise and the conversion of convertible loans to 25,000,000 shares and 173,800,000 new shares pursuant to the IPO had been completed as at 1 October 2015.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Combined Statement of Comprehensive Income**  
**Third Quarter ended 30 June 2017 ("3Q FY2017") compared to the Third Quarter ended 30 June 2016 ("3Q FY2016")**

Revenue

The Group recorded revenue of S\$47.9 million in 3Q FY2017 as compared to S\$44.1 million in 3Q FY2016. The increase of S\$3.8 million was mainly due to:

- (a) increase in the revenue contribution from the sales of cooked food, beverages and tobacco products by S\$1.7 million, mainly attributable to (i) full period contributions from two (2) coffee shop outlets and ten (10) food stalls which commenced operations on or after 3Q FY2016; (ii) partial contributions from one (1) drink stall, one (1) new coffee shop and three (3) new food stalls commenced operations since late 3Q FY2016 and in 3Q FY2017; and (iii) partially offset by decrease in revenue of S\$0.3 mil due to closure of one (1) coffee shop for refurbishment work and cessation of operations at one (1) food court as the tender for renewal was not successful.
- (b) increase in rental income from sub-leasing of stalls to tenants and income from provision of cleaning and utilities services by S\$1.9 million, mainly attributable to (i) income from sub-lease of 17 coffee shops leased from LHL Companies (as disclosed in pages 144 to 146 of the Offer Document, and elaborated in section 13 of the announcement)(the "Interested Persons") as master leaseholder; (ii) from two (2) new coffee shops which commenced operations since 3Q FY2016; and (iii) two (2) new coffee shops which commenced operations in February 2017 and May 2017 respectively.

Cost of sales

Cost of sales increased by S\$4.4 million, to S\$39.0 million in 3Q FY2017, in line with the increase in revenue. However, cost of sales as a percentage of revenue increased from 78.5% in 3Q FY2016 to 81.5% in 3Q FY2017 mainly due to:

- (i) increase in employee benefits expense (for Central Kitchen and outlet/stall staff) by S\$1.7 million due to an increase in the number of employees for coffee shops and food stalls which commenced operations since June 2016; increase in bonus expense, foreign workers' levy and housing benefits.
- (ii) increase in operating lease expense by S\$1.8 million mainly due to rental expense of 17 leases entered into with the Interested Persons and new coffee shops which commenced operations since 3Q FY2016.

Other operating income

Other operating income was S\$0.8 million in 3Q FY2017 as compared to S\$0.7 million in 3Q FY2016. It increased by S\$0.1 million mainly due to the Special Employment Credit ("SEC") received in 3Q FY2017.

Administrative expenses

The increase of S\$0.5 million, from S\$2.4 million in 3Q FY2016 to S\$2.9 million in 3Q FY2017 was due to (i) higher employee benefits expenses for corporate headquarters and management personnel by S\$0.3 million due mainly to increase in headcount and salaries of S\$0.1 million; and incentive bonus for executive directors of S\$0.2 million; and (ii) higher depreciation of property, plant and equipment by S\$0.2 million.

## 8. **Combined Statement of Comprehensive Income (cont'd)**

**Third Quarter ended 30 June 2017 ("3Q FY2017") compared to the Third Quarter ended 30 June 2016 ("3Q FY2016") (cont'd)**

### Other operating expense

Other operating expense decreased by S\$0.1 million due mainly to the existing lease assignment fees which were fully amortised.

### Tax expense

Tax expense increased by S\$0.4 million, from S\$0.4 million in 3Q FY2016 to S\$0.7 million in 3Q FY2017. Effective tax rate was 12.4% in 3Q FY2017 compared to 5.3% in 3Q FY2016. Effective tax rate in 3Q FY2016 was significant lower than the Singapore statutory corporate tax rate of 17% mainly due to the effect of partial tax exemption and tax relief enjoyed by the 162 individual entities prior to the Restructuring Exercise. Pursuant to the Restructuring Exercise, tax expense has increased as tax relief and partial tax exemptions are now available to a smaller number of entities with the current Group structure.

## **Combined Statements of financial position**

***The comparative position for both the assets and liabilities are based on the Group's financial statements as at 30 June 2017 and 30 September 2016.***

### Non-current assets

The Group's non-current assets increased by \$3.2 million primarily due to an increase in property, plant and equipment of S\$2.6 million and other receivables (non-current) of S\$0.9 million which offset by the decrease in intangible assets of S\$0.3 million due to full amortisation. The increase in property, plant and equipment was mainly due to additions during the financial period of S\$4.0 million attributable to (i) construction in-progress in respect of an extension of a four storey annex factory building primarily to expand the capacity of the corporate headquarters and Central Kitchen; (ii) additions to electrical and renovations, and equipment and fittings with the opening of our new coffeeshops and food stalls; and (iii) provision for restoration costs.

The increase in other receivables (non-current) was mainly due to increase in non-current refundable deposits relating to the rental deposits placed for the (i) 17 leases entered into with the Interested Persons and (ii) new coffeeshops commencing operations during 9M FY2017, which are due in more than one year and recoverable upon termination or expiration of the leases.

The increase was offset by depreciation of property, plant and equipment and amortisation of intangible assets of S\$1.4 million and S\$0.3 million in 9M FY2017 respectively.

### Current assets

The Group's current assets increased by \$48.1 million from S\$34.9 million as at 30 September 2016 to S\$83.0 million as at 30 June 2017 due mainly to increase in cash and bank balances and trade and other receivables by S\$47.1 million and S\$2.1 million respectively. The increase was offset by decrease in prepayments of S\$1.1 million.

The increase in cash and bank balances was mainly due to the net proceeds from issuance of shares pursuant to IPO of S\$40.9 million. The increase in trade and other receivables was mainly due to the increase in the current portion of refundable deposits relating to rental deposits placed for leases that are expiring within the next 12 months. The decrease in prepayments was mainly due to a one-time rental prepayment to landlords in September 2016 to facilitate the Restructuring Exercise.

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

### Current liabilities

The Group's current liabilities increased by S\$2.0 million mainly attributable to (i) an increase in trade and other payables due to increase in payables in respect of purchase of property, plant and equipment of S\$0.3 million; increase in GST payable of S\$0.7 million and increase in current portion of rental deposits from tenants of S\$1.1 million; (ii) increase in tax payable by S\$1.3 million; and partially offset by (iii) decrease in other liabilities by S\$1.6 million due to prompt payment.

### Non-current liabilities

The Group's non-current liabilities decreased by S\$0.1 million primarily due to the increase in non-current portion of provision for restoration costs of S\$0.2 million, offset by the decrease in non-current portion of rental deposits from tenants of S\$0.3 million.

## **Combined Statements of Cash Flows**

The Group's net cash generated from operating activities in 3Q FY2017 of S\$6.8 million mainly resulted from operating cash flows before changes in working capital of S\$6.5 million and net working capital inflows of S\$0.3 million. The net working capital inflows were due to (i) increase in other liabilities by S\$0.7 million; and (ii) increase in trade and other payables by S\$0.3 million, partially offset by the increase in both trade and other receivables of S\$0.6 million and prepayments of S\$0.1 million.

The Group's net cash flows used in investing activity during 3Q FY2017 was due to the additions of property, plant and equipment of S\$0.6 million mainly attributable to (i) construction in-progress in respect of an extension of a four storey annex factory building and (ii) opening of our new coffee shops and food stalls.

The Group's net cash flows used in financing activities of S\$3.2 million during 3Q FY2017 was attributable to payment of interim dividends of S\$0.0028 per ordinary share for the financial year ended 30 September 2017.

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

The financial results are in line with the forecast statement disclosed in the Company's financial results announcement for the financial period ended 31 March 2017, dated 9 May 2017.

## **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The food and beverage ("F&B") industry is highly competitive and barriers to entry are low. The Group's business is labour-intensive, given that qualified individuals with requisite skills are in short supply within the F&B industry, we expect the outlook of F&B industry to remain challenging.

The Group will continue to focus on management of its cost and manpower to increase productivity and efficiency.

The construction of an extension of a four (4) storey annex factory building primarily to expand the capacity of the Group's corporate headquarters and the central kitchen is expected to be completed by the fourth quarter of FY2017.

The Group will continue to focus on executing its growth plans which include implementing cashless payment systems at the food outlets, extending online food ordering and delivery system, as well as expanding the network of food stalls and refurbishing existing food outlets.

The Group may also seek related opportunity to grow its business through acquisitions, joint ventures and strategic alliances with parties who can help us to strengthen the market position.

Barring any unforeseen circumstances, the Group expects to remain profitable for FY2017.

**11. Dividend**

If a decision regarding dividend has been made: -

- (a) **Whether an interim (final) dividend has been declared (recommended); and**  
Nil
- (b) **Previous corresponding period (cents)**  
(Optional) Rate (%)  
Nil
- (c) **The date the dividend is payable**  
Not applicable
- (d) **The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**  
Not applicable

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

Not applicable, as no interim dividend for the third quarter ended 30 June 2017 has been recommended.

**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.**

In connection with the IPO, the Group had obtained a general mandate from shareholders for IPTs disclosed in pages 147 to 153 of the Offer Document.

Name of Interested Persons and Transactions	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	3 months ended 30 June 2017	9 months ended 30 June 2017	3 months ended 30 June 2017	9 months ended 30 June 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Foodwerkz Hub Pte. Ltd. Rental of Industrial Canteen	-	-	1,440	1,440

The Industrial Canteen is owned by Foodwerks Hub Pte. Ltd., an associate of Mr. Lim Hee Liat, the Executive Chairman and controlling shareholder of the Company. Please refer to announcement made by the Company on 14 June 2017.

The amounts owing by the Group to Mr. Lim Hee Liat and Mr. Vincent Chia as at 30 June 2017 amounted to S\$3,919,000 and S\$146,000 respectively.



#### 14. Use of IPO proceeds

The Company refers to the gross proceeds amounting to S\$43.5 million raised from the IPO on the Catalist Board of SGX-ST on 20 March 2017.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	-	30,363
Refurbishment and renovation of existing food outlets	3,000	(225)	2,775
Headquarters/Central Kitchen upgrading	5,000	(269)	4,731
Productivity initiatives/IT	2,000	-	2,000
Listing expenses	3,087	(3,087)	-
<b>Total</b>	<b>43,450</b>	<b>(3,581)</b>	<b>39,869</b>

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

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

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

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

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the three months ended 30 June 2017 to be false or misleading in any material aspect.

#### BY ORDER OF THE BOARD

Lim Hee Liat  
Executive Chairman  
7 August 2017