

Financial Statement and Dividend Announcement for the First Quarter Ended 30 June 2017

PART I – INFORMATION REQUIRED FOR FIRST QUARTER ANNOUNCEMENT

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

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

	Group		
	1Q ¹ 2017/2018	1Q 2016/2017	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%
Revenue	40,643	31,926	27.3%
Other items of income			
Interest income	33	3	N.M. ²
Other income	488	573	-14.8%
Items of expense			
Purchases and consumables used	(19,193)	(13,338)	43.9%
Changes in inventories	(336)	(188)	78.7%
Delivery expenses	(709)	(813)	-12.8%
Employee benefits expense	(11,461)	(10,694)	7.2%
Depreciation and amortisation expenses	(2,173)	(2,148)	1.2%
Advertising expenses	(835)	(1,511)	-44.7%
Operating lease expenses	(2,385)	(1,872)	27.4%
Utilities	(1,307)	(1,158)	12.9%
Other expenses	(2,909)	(2,746)	5.9%
Finance costs	(523)	(556)	-5.9%
Loss before income tax	(667)	(2,522)	-73.6%
Income tax expense	(140)	(119)	17.6%
Loss for the financial period	(807)	(2,641)	-69.4%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operation	(66)	141	N.M.
Gain on fair value changes of available-for-sale financial asset	50	-	N.M.
Income tax relating to items that may be reclassified subsequently	-	-	N.M.
Other comprehensive income for the financial period, net of tax	(16)	141	N.M.
Total comprehensive income for the financial period	(823)	(2,500)	-67.1%

¹ "1Q" denotes financial period from 1 April to 30 June
² "N.M." denotes not meaningful

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

	Group		
	1Q 2017/2018	1Q 2016/2017	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%
Loss attributable to:			
Owners of the parent	(652)	(2,512)	-74.0%
Non-controlling interests	(155)	(129)	20.2%
	<u>(807)</u>	<u>(2,641)</u>	-69.4%
Total comprehensive income attributable to:			
Owners of the parent	(639)	(2,434)	-73.7%
Non-controlling interests	(184)	(66)	178.8%
	<u>(823)</u>	<u>(2,500)</u>	-67.1%

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

Loss before income tax is arrived at after crediting/(charging) the following:

	Group		
	1Q 2017/2018	1Q 2016/2017	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%
Interest income	33	3	N.M.
Dividend income	34	11	209.1%
Fair value gain on derivative financial instruments	-	23	-100.0%
Government grants	160	183	-12.6%
Rental income	129	147	-12.2%
Bad third parties trade receivables written off	-	(2)	-100.0%
Depreciation of property, plant and equipment	(2,087)	(2,071)	0.8%
Depreciation of investment properties	(12)	(19)	-36.8%
Amortisation of intangible assets	(74)	(58)	27.6%
Foreign exchange loss, net	(108)	(194)	-44.3%
Gain on disposal of plant and equipment	-	141	-100.0%
Plant and equipment written off	(5)	-	N.M.
Finance costs	(523)	(556)	-5.9%

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

1(b)(i) Statements of Financial Position

	Group		Company	
	As at		As at	
	30/6/2017 (Unaudited) \$'000	31/3/2017 (Audited) \$'000	30/6/2017 (Unaudited) \$'000	31/3/2017 (Audited) \$'000
ASSETS				
Current assets				
Inventories	16,768	12,983	-	-
Trade and other receivables	23,554	21,663	3,287	2,861
Prepayments	495	323	9	9
Cash and cash equivalents	7,850	10,540	142	237
Total current assets	48,667	45,509	3,438	3,107
Non-current assets				
Property, plant and equipment	76,107	75,204	8	10
Investment properties	1,238	1,250	-	-
Intangible assets	13,953	13,948	7	9
Investments in subsidiaries	-	-	29,480	28,969
Other receivables	2,798	2,583	1,551	2,551
Available-for-sale financial asset	680	630	680	630
Total non-current assets	94,776	93,615	31,726	32,169
TOTAL ASSETS	143,443	139,124	35,164	35,276
EQUITY				
Capital and reserves				
Share capital	7,899	7,899	7,899	7,899
Merger and capital reserves	179	179	-	-
Fair value adjustment account	50	-	50	-
Foreign currency translation reserve	368	405	-	-
Retained earnings	24,026	24,678	2,411	2,519
Equity attributable to owners of the parent	32,522	33,161	10,360	10,418
Non-controlling interests	4,601	4,350	-	-
TOTAL EQUITY	37,123	37,511	10,360	10,418

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

	Group		Company	
	As at		As at	
	30/6/2017 (Unaudited) \$'000	31/3/2017 (Audited) \$'000	30/6/2017 (Unaudited) \$'000	31/3/2017 (Audited) \$'000
LIABILITIES				
Current liabilities				
Trade and other payables	23,016	22,416	2,079	2,133
Provisions	407	404	-	-
Bank borrowings	41,004	36,938	-	-
Finance lease payables	1,245	1,481	-	-
Income tax payable	531	355	23	23
Total current liabilities	66,203	61,594	2,102	2,156
Non-current liabilities				
Other payables	1,255	1,255	22,702	22,702
Bank borrowings	33,270	33,192	-	-
Finance lease payables	2,383	2,395	-	-
Deferred tax liabilities	3,209	3,177	-	-
Total non-current liabilities	40,117	40,019	22,702	22,702
TOTAL LIABILITIES	106,320	101,613	24,804	24,858
TOTAL EQUITY AND LIABILITIES	143,443	139,124	35,164	35,276

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 (Unaudited) \$'000		As at 31/03/2017 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	20,977	20,027	16,292	20,646
Finance lease payables	1,245	-	1,481	-
Amount repayable after one year	As at 30/6/2017 (Unaudited) \$'000		As at 31/03/2017 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	33,046	224	32,885	307
Finance lease payables	2,383	-	2,395	-

Details of any collateral:

As at 30 June 2017, the Group's borrowings comprised bank borrowings and finance lease payables.

Bank borrowings

Bank borrowings of \$20.98 million repayable within one year or less or on demand, and \$33.05 million repayable after one year are both secured by the legal mortgage in favour of the banks over the following properties at:

- (i) 6A Wan Lee Road;
- (ii) 1, 3, 5, 7 & 9 Enterprise Road;
- (iii) 30B Quality Road;
- (iv) 14 Joo Koon Circle;
- (v) 50 Tuas Avenue 11 #02-12;
- (vi) 16 Jalan Kilang Timor #03-07;
- (vii) 22 Senoko Way;
- (viii) 475 Tampines Street 44 #01-129; and
- (ix) 8 Jalan Istimewa 8, Johor, Malaysia.

The remaining bank borrowings of \$20.03 million repayable within one year or less or on demand, and \$0.22 million repayable after one year are unsecured.

Finance lease payables

The Group's obligations under finance leases of \$1.25 million repayable within one year or less or on demand, and \$2.38 million repayable after one year are secured by the leased assets.

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

1(c) Consolidated Statement of Cash Flows

	Group	
	1Q 2017/2018	1Q 2016/2017
	(Unaudited) \$'000	(Unaudited) \$'000
Operating activities		
Loss before income tax	(667)	(2,522)
Adjustments for:		
Bad third parties trade receivables written off	-	2
Depreciation and amortisation expenses	2,173	2,148
Dividend income	(34)	(11)
Fair value gain on derivative financial instruments	-	(23)
Interest expense	523	556
Interest income	(33)	(3)
Gain on disposal of plant and equipment	-	(141)
Plant and equipment written off	5	-
Operating cash flows before working capital changes	1,967	6
Working capital changes:		
Inventories	(3,647)	1,975
Trade and other receivables	(1,295)	(649)
Prepayments	(141)	(198)
Trade and other payables	146	2,569
Provisions	2	57
Derivative financial instruments	-	(59)
Cash (absorbed by)/generated from operations	(2,968)	3,701
Income tax refunded/(paid)	8	(32)
Net cash (used in)/from operating activities	(2,960)	3,669
Investing activities		
Acquisition of a subsidiary, net of cash acquired	102	-
Deposit paid for purchase of property, plant and equipment	(448)	
Purchase of property, plant and equipment	(2,540)	(16,268)
Purchase of intangible assets	(20)	(8)
Proceeds from disposal of plant and equipment	35	215
Interest received	33	3
Dividend received	34	11
Net cash used in investing activities	(2,804)	(16,047)

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

	Group	
	1Q 2017/2018	1Q 2016/2017
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Financing activities		
Drawdown of bank borrowings	14,969	17,359
Repayment of bank borrowings	(11,473)	(8,549)
Repayment of finance lease payables	(559)	(622)
Interest paid	(523)	(538)
Net cash from financing activities	2,414	7,650
Net change in cash and cash equivalents	(3,350)	(4,728)
Effect of foreign exchange rate changes on cash and cash equivalents	12	3
Cash and cash equivalents at beginning of financial period	9,166	10,766
Cash and cash equivalents at end of financial period	5,828	6,041
Cash and cash equivalents comprise:		
	Group	
	As at	
	30/6/2017	30/6/2016
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Cash on hand and at bank	7,473	7,122
Fixed deposits	377	377
Cash and cash equivalents as per statement of financial position	7,850	7,499
Less: Fixed deposits pledged	(226)	(226)
Less: Bank overdraft	(1,796)	(1,232)
Cash and cash equivalents as per consolidated statement of cash flows	5,828	6,041

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

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

Group	Share capital \$'000	Merger and capital reserves \$'000	Fair value adjustment account \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Total equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
(Unaudited)								
Balance at 1 April 2017	7,899	179	-	405	24,678	33,161	4,350	37,511
Loss for the financial period	-	-	-	-	(652)	(652)	(155)	(807)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	(37)	-	(37)	(29)	(66)
Gain on fair value changes of available-for-sale financial asset	-	-	50	-	-	50	-	50
Total comprehensive income for the financial period	-	-	50	(37)	(652)	(639)	(184)	(823)
Transactions with non-controlling interests:								
Acquisition of subsidiary	-	-	-	-	-	-	435	435
Total transactions with non-controlling interests	-	-	-	-	-	-	435	435
Balance at 30 June 2017	7,899	179	50	368	24,026	32,522	4,601	37,123
(Unaudited)								
Balance at 1 April 2016	7,899	(326)	-	150	22,874	30,597	5,660	36,257
Loss for the financial period	-	-	-	-	(2,512)	(2,512)	(129)	(2,641)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	78	-	78	63	141
Total comprehensive income for the financial period	-	-	-	78	(2,512)	(2,434)	(66)	(2,500)
Balance at 30 June 2016	7,899	(326)	-	228	20,362	28,163	5,594	33,757

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

Company	Share capital \$'000	Fair value adjustment account \$'000	Retained earnings \$'000	Total equity attributable to owners \$'000
(Unaudited)				
Balance at 1 April 2017	7,899	-	2,519	10,418
Loss for the financial period	-	-	(108)	(108)
Other comprehensive income:				
Gain on fair value changes of available-for-sale financial asset	-	50	-	50
Total comprehensive income for the financial period	-	50	(108)	(58)
Balance at 30 June 2017	7,899	50	2,411	10,360
(Unaudited)				
Balance at 1 April 2016	7,899	-	3,748	11,647
Loss for the financial period	-	-	(245)	(245)
Total comprehensive income for the financial period	-	-	(245)	(245)
Balance at 30 June 2016	7,899	-	3,503	11,402

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

There has been no change in the Company's share capital for the three-month period ended 30 June 2017. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company 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 period and as at the end of the immediately preceding year.

	Company	
	As at	
	30/6/2017	31/3/2017
Total number of issued shares excluding treasury shares	145,907,100	145,907,100

There were no treasury shares as at 30 June 2017 and 31 March 2017.

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

Not applicable as the Company did not hold any subsidiary holdings.

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

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

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

Not applicable

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

The financial results for the current period have been prepared using the same accounting policies and methods of computation as presented in the Group's most recently audited financial statements for the financial year ended 31 March 2017.

In preparing this announcement, the management of the Company has assessed the fair value of the net identifiable assets and liabilities of Hi-Q Plastic Industries Sdn Bhd on a provisional basis and are subject to change. In accordance with *FRS 103 Business Combinations*, the Group is required to perform a purchase price allocation exercise within 12 months after completion of the acquisition to assess the fair value of the net identifiable assets and liabilities purchased by the Group, and the excess of the consideration transferred over such fair values will be recorded as actual goodwill in the Group's statement of financial position which is subject to impairment test annually or more frequent if there are indicators of impairment.

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

The Group adopted the new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2017. The adoption of these new standards, amendments to standards and interpretations did not result in any significant changes on the financial statements of the Group.

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

Earnings per share ("EPS")	Group	
	1Q 2017/2018 (Unaudited)	1Q 2016/2017 (Unaudited)
Loss attributable to owners of the parent (\$'000)	(652)	(2,512)
Actual number of ordinary shares ⁽¹⁾	145,907,100	145,907,100
Basic and diluted EPS based on actual number of ordinary shares (cents) ⁽²⁾	(0.45)	(1.72)

Notes:

- (1) Basic EPS is computed by dividing the loss attributable to owners of the parent in each financial period by the actual number of issued ordinary shares outstanding during the respective financial periods.
- (2) Diluted EPS is the same as the basic EPS for all the periods under review as the Company did not have any outstanding instruments convertible into rights or subscribe for, and options in respect of its ordinary shares during the respective financial periods.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of**
(a) current period reported on; and
(b) immediately preceding financial year

Net asset value ("NAV")	Group As at		Company As at	
	30/6/2017 (Unaudited)	31/3/2017 (Audited)	30/6/2017 (Unaudited)	31/3/2017 (Audited)
NAV (\$'000)	32,522	33,161	10,360	10,418
Number of ordinary shares	145,907,100	145,907,100	145,907,100	145,907,100
NAV per ordinary share (cents)	22.28	22.73	7.10	7.14

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

Review of Financial Performance

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

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

The Group registered \$40.64 million in revenue for the financial period ended 30 June 2017 ("1Q 2017/2018") as compared to \$31.93 million in the previous corresponding financial period ended 30 June 2016 ("1Q 2016/2017"). The increase was approximately \$8.71 million or 27.3%.

Food Catering business revenue increased by \$0.60 million or 5.1% from \$11.82 million in 1Q 2016/2017 to \$12.42 million in 1Q 2017/2018. The increase was mainly due to the strengthening of our recurring income from elder-care and childcare market segment by Gourmetz Pte Ltd, our subsidiary incorporated in November 2016.

Food Retail business revenue decreased by \$0.68 million or 14.0% from \$4.84 million in 1Q 2016/2017 to \$4.16 million in 1Q 2017/2018. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue increased by \$0.55 million or 5.1% from \$10.86 million in 1Q 2016/2017 to \$11.41 million in 1Q 2017/2018. The increase was mostly due to the successful launch of new product offerings during 1Q 2017/2018.

Supplies and Trading business revenue increased significantly by \$8.21 million or 195.0% from \$4.21 million in 1Q 2016/2017 to \$12.42 million in 1Q 2017/2018. This was mainly attributable to the revenue contributed by the recently acquired subsidiaries, U-Market Place Enterprise Pte Ltd, in January 2017 as well as maiden revenue contributed by Hi-Q Plastic Industries Sdn Bhd from April 2017.

Other businesses revenue increased by \$0.03 million or 14.0% from \$0.20 million in 1Q 2016/2017 to \$0.23 million in 1Q 2017/2018.

Review of Financial Performance (Continued)

Our percentage increment of 43.9% in purchases and consumables used was higher than the revenue growth of 27.3% primarily due to the business expansion in our Supplies and Trading business with lower margin as compared to our other business segments.

Due to the seasonality effect, the Group's performance would usually be more subdued during the 1Q as compared to other quarters of the financial year. The Group reported a loss of \$0.81 million in 1Q 2017/2018 as compared to a loss of \$2.64 million in 1Q 2016/2017. This represents a significant improvement of \$1.83 million or 69.4% which mainly due to a net profit contributed from our Food Manufacturing business as well as recovering performance of our Food Retail business. Our improvement in the bottom-line was also attributable to the reduction in our advertising and promotional activities during 1Q 2017/2018.

The loss attributable to the owners of the parent improved by \$1.86 million or 74.0% from \$2.51 million in 1Q 2016/2017 to \$0.65 million in 1Q 2017/2018, while net loss attributable to non-controlling interests increased by \$0.03 million or 20.2% from \$0.13 million in 1Q 2016/2017 to \$0.16 million in 1Q 2017/2018.

Our earnings before interest, tax, depreciation and amortisation ("**EBITDA**") was increased by \$1.85 million from \$0.18 million in 1Q 2016/2017 to \$2.03 million in 1Q 2017/2018.

Review of Financial Position

The Group's current assets increased by \$3.16 million from \$45.51 million as at 31 March 2017 to \$48.67 million as at 30 June 2017. The Group's inventories, trade and other receivables and prepayments increased by \$3.79 million, \$1.89 million and \$0.18 million respectively mainly due to the business expansion in our Group's Supplies and Trading business as well as an advance payment to the vendor with regards to the acquisition of new property in Malaysia for our newly acquired subsidiary, Hi-Q Plastic Industries Sdn Bhd. These were offset by a decrease in cash and cash equivalents of \$2.69 million.

The Group's non-current assets increased by \$1.16 million from \$93.62 million as at 31 March 2017 to \$94.78 million as at 30 June 2017 primarily due to the increase in property, plant and equipment by \$0.91 million for the Group's Food Manufacturing business due to the relocation of new factory at 22 Senoko Way, which is offset by the depreciation charged of \$2.09 million for 1Q 2017/2018.

The Group's current liabilities increased by \$4.61 million from \$61.59 million as at 31 March 2017 to \$66.20 million as at 30 June 2017. This was mainly attributable to increase in trade and other payables and bank borrowings of \$0.60 million and \$4.06 million respectively due mainly to the business expansion in our Group's Supplies and Trading business, which is offset by the net repayment of current finance lease payables of \$0.23 million.

As at 30 June 2017, the Group was in a net current liability position of \$17.53 million, mainly due to the effects of drawdown of working capital and trade facilities from banks to support the operational expansion of Supplies and Trading business and Food Manufacturing business, integration and relocation costs for the new property at 22 Senoko Way and recovering performance for the Food Retail business. However, the Group's total assets exceeded its total liabilities by approximately \$37.12 million. In assessing whether the Group can meet its debts obligations as and when they fall due, the management had prepared cash flow forecasts which was approved by the Board of Directors of the Company ("**Board**"). The cash flows were derived from the financial budget where it indicates that the Group has sufficient cash and cash equivalents and adequate bank facilities to support the Group's operations and pay its debts as and when they fall due.

Barring unforeseen circumstances, the Board believe that the Group's negative working capital position would be overcome in the longer term as the Group realises the synergistic benefits of the acquisition of the Food Manufacturing business as well as Supplies and Trading business, and results from new initiatives implemented to increase efficiency and productivity for the Group.

Review of Cash Flows

The Group's net cash used in operating activities in 1Q 2017/2018 was \$2.96 million, which resulted from operating cash flows before working capital changes of \$1.97 million to offset by the increase in net working capital of \$4.94 million.

The increase in net working capital was mainly due to the increase in inventories of approximately \$3.65 million, increase in trade and other receivables of approximately \$1.30 million and increase in prepayments of approximately of \$0.14 million, which is offset by the increase in trade and other payables of approximately \$0.15 million.

The Group's net cash used in investing activities of \$2.80 million during 1Q 2017/2018 was mainly attributable to the purchase of plant and equipment of \$2.54 million and deposit paid for purchase of new property in Malaysia of \$0.45 million for our newly acquired subsidiary, Hi-Q Plastic Industries Sdn Bhd., which is offset by the net of cash acquired from the acquisition of Hi-Q Plastic Industries Sdn Bhd of \$0.10 million.

The Group's net cash from financing activities of \$2.41 million during 1Q 2017/2018 was mainly due to the drawdown of bank borrowings of \$14.97 million, which is offset by the repayment of bank borrowings of \$11.47 million, repayment of finance lease payables of \$0.56 million and interest payment of \$0.52 million.

As a result of the above, the net decrease in cash and cash equivalents during 1Q 2017/2018 was \$3.35 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to our 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.

The Food Catering business would continue to focus on capturing a larger market share by pursuing more institutional catering, corporate clients and venue partnerships. In light of ageing population and government initiatives for elderly and healthy lifestyle, the Group incorporated a 51%-owned subsidiary, namely Gourmetz Pte Ltd, in November 2016, which targets growing elder-care and childcare market segments and strengthens recurring income.

The Food Retail business has been undergoing a business review to enhance its performance.

The Food Manufacturing business is currently on the right track to generate operating profit as a result of enhanced cost efficiency and successful restructuring efforts, and the Group would continue to improve the operational efficiency as well as widen its product offerings for the Food Manufacturing business. Meanwhile, the Supplies and Trading business is expected to continue to grow and contribute positively to the Group.

Barring any unforeseen circumstances, the Company expects the Group's operations to remain profitable.

11. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

b. Corresponding Period of the Immediately Preceding Financial Year

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

None

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

Not applicable

d. The date the dividend is payable

Not applicable

e. Books closure date

Not applicable

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

There is no dividend declared in this quarter.

13. Interested person transactions

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Neo Kah Kiat		
(i) GUI Solutions Pte Ltd		
- Cost of goods and services purchased	64.8	-
- Rental and utilities income	6.0	-
(ii) Office premise lease expense ¹	24.6	-
Neo Kah Kiat and Liew Oi Peng		
(i) Office premise lease expense ²	48.8	-
(ii) Rental of hostel for staff welfare	3.0	-
(iii) Twinkle Investment Pte Ltd		
- Rental of yacht	60.0	-
- Office premise lease expense ³	25.6	-

Notes:

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

- (1) The office premise lease expense paid to the Company's director, Neo Kah Kiat, in 1Q 2017/2018 relates to #05-04 at Enterprise One amounting to approximately \$24,600. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).
- (2) The office premise lease expense paid to the Company's directors, Neo Kah Kiat and Liew Oi Peng, in 1Q 2017/2018 relates to lease expense for #05-03 and #05-05 at Enterprise One amounting to approximately \$48,800. As the terms of the tenancy agreements for the office premises were supported by independent valuations and with lease period of 3 years, the leases thereunder are not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).
- (3) The office premise lease expense paid to the Twinkle Investment Pte Ltd, which is jointly owned by Neo Kah Kiat and Liew Oi Peng, in 1Q 2017/2018 relates to lease expense for #05-06 at Enterprise One amounting to approximately \$25,600. As the terms of the tenancy agreement for the office premise were supported by independent valuations and with lease period of 3 years, the lease thereunder is not required to comply with Catalist Rule 906 in relation to the approval of the shareholders of the Company as exempted under Catalist Rule 916 (1).

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

We, Neo Kah Kiat, and Liew Oi Peng, being two directors of Neo Group Limited (the “**Company**”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited consolidated financial statements of the Group for the first quarter ended 30 June 2017 to be false or misleading in any material aspect.

Neo Kah Kiat
Chairman and Chief Executive Office

Liew Oi Peng
Executive Director

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

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

BY ORDER OF THE BOARD

Neo Kah Kiat
Chairman and Chief Executive Officer
8 August 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Listing Manual Section B: Rules of Catalist. The Sponsor has not independently 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 correctness of any of the statements or opinions made or reports contained in this announcement.

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