

Unaudited Financial Statements and Dividend Announcement for the Nine-Month Period Ended 31 December 2019

PART I – INFORMATION REQUIRED FOR THE THIRD QUARTER ANNOUNCEMENT

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

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

	Group			Group		
	3Q ¹ 2019/2020	3Q 2018/2019	Increase/ (Decrease)	9M ² 2019/2020	9M 2018/2019	Increase/ (Decrease)
	(Unaudited) \$'000	(Unaudited) \$'000	%	(Unaudited) \$'000	(Unaudited) \$'000	%
Revenue	50,816	49,474	2.7%	141,922	130,134	9.1%
Other items of income						
Interest income	50	46	8.7%	151	89	69.7%
Other income	284	434	-34.6%	1,253	1,280	-2.1%
Items of expense						
Purchases and consumables used	(20,460)	(20,806)	-1.7%	(58,007)	(55,786)	4.0%
Changes in inventories	693	440	57.5%	517	517	N.M.
Delivery expenses	(969)	(1,083)	-10.5%	(3,130)	(2,626)	19.2%
Employee benefits expense	(14,267)	(14,591)	-2.2%	(41,465)	(40,022)	3.6%
Depreciation and amortisation expenses	(3,995)	(2,341)	70.7%	(11,888)	(6,630)	79.3%
Advertising expenses	(1,159)	(854)	35.7%	(2,972)	(2,706)	9.8%
Operating lease expenses	-	(2,149)	-100.0%	-	(5,851)	-100.0%
Utilities	(1,609)	(1,668)	-3.5%	(4,664)	(4,572)	2.0%
Other expenses	(3,942)	(3,602)	9.4%	(11,529)	(9,979)	15.5%
Finance costs	(1,120)	(775)	44.5%	(3,285)	(2,032)	61.7%
Profit before income tax	4,322	2,525	71.2%	6,903	1,816	280.1%
Income tax expense	(528)	(559)	-5.5%	(815)	(735)	10.9%
Profit for the financial period	3,794	1,966	93.0%	6,088	1,081	463.2%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from translation of foreign operation	17	17	N.M. ³	74	124	-40.3%
Items that will not be reclassified subsequently to profit or loss						
Fair value loss on equity instruments at FVOCI	(45)	-	N.M.	(225)	(117)	92.3%
Other comprehensive income for the financial period, net of tax	(28)	17	N.M.	(151)	7	N.M.
Total comprehensive income for the financial period	3,766	1,983	89.9%	5,937	1,088	445.7%

¹ "3Q" denotes financial period from 1 October to 31 December
² "9M" denotes financial period from 1 April to 31 December
³ "N.M." denotes not meaningful

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

	Group			Group		
	3Q 2019/2020	3Q 2018/2019	Increase/ (Decrease)	9M 2019/2020	9M 2018/2019	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit attributable to:						
Owners of the parent	3,458	1,714	101.8%	5,779	1,478	291.0%
Non-controlling interests	336	252	33.3%	309	(397)	N.M.
	<u>3,794</u>	<u>1,966</u>	93.0%	<u>6,088</u>	<u>1,081</u>	463.2%
Total comprehensive income attributable to:						
Owners of the parent	3,429	1,729	98.3%	5,624	1,436	291.6%
Non-controlling interests	337	254	32.7%	313	(348)	N.M.
	<u>3,766</u>	<u>1,983</u>	89.9%	<u>5,937</u>	<u>1,088</u>	445.7%

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

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

	Group			Group		
	3Q 2019/2020	3Q 2018/2019	Increase/ (Decrease)	9M 2019/2020	9M 2018/2019	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	50	46	8.7%	151	89	69.7%
Dividend income	-	-	N.M.	11	34	-67.6%
Government grants	107	202	-47.0%	416	394	5.6%
Rental income	130	123	5.7%	378	372	1.6%
Bad third parties trade receivables written off	(27)	(2)	N.M.	(36)	(5)	620.0%
Reversal of allowance of impairment loss	12	9	33.3%	37	83	-55.4%
Depreciation of property, plant and equipment	(1,909)	(2,250)	-15.2%	(5,671)	(6,382)	-11.1%
Depreciation of right-of-use assets	(1,862)	-	N.M.	(5,552)	-	N.M.
Depreciation of investment properties	(12)	(12)	N.M.	(36)	(36)	N.M.
Amortisation of intangible assets	(212)	(79)	168.4%	(629)	(212)	196.7%
Foreign exchange loss, net	(85)	(32)	165.6%	(215)	(309)	-30.4%
Inventories written down	(16)	-	N.M.	(16)	-	N.M.
Inventories written off	(55)	(17)	223.5%	(60)	(24)	150.0%
Gain/(Loss) on disposal of plant and equipment	1	(27)	N.M.	82	(25)	N.M.
Loss on disposal of investment property	(137)	-	N.M.	(137)	-	N.M.
Plant and equipment written off	(20)	-	N.M.	(49)	(16)	206.3%
Short-term leases	(288)	-	N.M.	(926)	-	N.M.
Low-value leases	(12)	-	N.M.	(20)	-	N.M.
Variable leases	(33)	-	N.M.	(98)	-	N.M.
Finance costs	(1,120)	(775)	44.5%	(3,285)	(2,032)	61.7%

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	
	31/12/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000	31/12/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000
ASSETS				
Current assets				
Inventories	12,803	11,452	-	-
Trade and other receivables	25,849	25,397	2,509	3,249
Prepayments	597	620	10	20
Cash and cash equivalents	20,428	19,027	1,034	3,633
Total current assets	59,677	56,496	3,553	6,902
Non-current assets				
Property, plant and equipment	83,378	81,218	2	4
Right-of-use assets	34,406	-	179	-
Investment properties	558	1,154	-	-
Intangible assets	19,965	20,346	2	4
Investments in subsidiaries	-	-	41,057	40,657
Other receivables	3,218	3,211	2,041	1,900
Financial assets at FVOCI	495	720	495	720
Total non-current assets	142,020	106,649	43,776	43,285
TOTAL ASSETS	201,697	163,145	47,329	50,187
EQUITY				
Capital and reserves				
Share capital	8,664	8,664	8,664	8,664
Merger and capital reserves	(1,347)	(1,291)	-	-
Fair value adjustment account	(135)	90	(135)	90
Foreign currency translation reserve	313	243	-	-
Retained earnings	35,830	30,788	5,796	5,662
Equity attributable to owners of the parent	43,325	38,494	14,325	14,416
Non-controlling interests	3,318	3,299	-	-
TOTAL EQUITY	46,643	41,793	14,325	14,416

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

	Group		Company	
	As at		As at	
	31/12/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000	31/12/2019 (Unaudited) \$'000	31/3/2019 (Audited) \$'000
LIABILITIES				
Current liabilities				
Trade and other payables	34,410	30,065	3,795	5,874
Provisions	469	443	-	-
Bank borrowings	34,942	33,168	693	668
Finance lease payables	-	2,213	-	-
Lease liabilities	7,186	-	27	-
Income tax payable	1,670	1,619	-	16
Total current liabilities	78,677	67,508	4,515	6,558
Non-current liabilities				
Other payables	2,598	2,579	26,342	26,696
Bank borrowings	45,773	42,852	1,994	2,517
Finance lease payables	-	4,457	-	-
Lease liabilities	24,599	-	153	-
Deferred tax liabilities	3,407	3,956	-	-
Total non-current liabilities	76,377	53,844	28,489	29,213
TOTAL LIABILITIES	155,054	121,352	33,004	35,771
TOTAL EQUITY AND LIABILITIES	201,697	163,145	47,329	50,187

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

Amount repayable in one year or less, or on demand	As at 31/12/2019 (Unaudited) \$'000		As at 31/3/2019 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	17,516	17,426	13,582	19,586
Finance lease payables	2,226	-	2,213	-
Amount repayable after one year	As at 31/12/2019 (Unaudited) \$'000		As at 31/3/2019 (Audited) \$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	45,156	617	40,784	2,068
Finance lease payables	3,667	-	4,457	-

Details of any collateral:

As at 31 December 2019, the Group's borrowings comprised of bank borrowings and finance lease payables.

Bank borrowings

Bank borrowings of \$17.52 million repayable within one year or less or on demand, and \$45.16 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) 8A Admiralty Street #03-20;
- (vii) 8B Admiralty Street #02-16;
- (viii) 22 Senoko Way;
- (ix) 6 & 8 Jalan Istimewa 8, Ulu Tiram, Johor, Malaysia; and
- (x) 3343 Jalan Pekeliling Tanjung 27, Kulai, Johor, Malaysia.

The remaining bank borrowings of \$17.43 million repayable within one year or less or on demand, and \$0.62 million repayable after one year are both unsecured.

Finance lease payables

The Group's obligations under finance leases of \$2.23 million repayable within one year or less or on demand and \$3.67 million repayable after one year are secured by the leased assets.

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

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	3Q 2019/2020 (Unaudited) \$'000	3Q 2018/2019 (Unaudited) \$'000	9M 2019/2020 (Unaudited) \$'000	9M 2018/2019 (Unaudited) \$'000
Operating activities				
Profit before income tax	4,322	2,525	6,903	1,816
Adjustments for:				
Bad third parties trade receivables written off	27	2	36	5
Reversal of allowance for impairment loss	(12)	(9)	(37)	(83)
Depreciation of property, plant and equipment	1,909	2,250	5,671	6,382
Depreciation of right-of-use assets	1,862	-	5,552	-
Depreciation of investment properties	12	12	36	36
Amortisation of intangible assets	212	79	629	212
Dividend income	-	-	(11)	(34)
Interest expense	1,120	775	3,285	2,032
Interest income	(50)	(46)	(151)	(89)
Inventories written down	16	-	16	-
Inventories written off	55	17	60	24
Loss on disposal of investment property	137	-	137	-
(Gain)/Loss on disposal of plant and equipment	(1)	27	(82)	25
Plant and equipment written off	20	-	49	16
Operating cash flows before working capital changes	9,629	5,632	22,093	10,342
Working capital changes:				
Inventories	(1,479)	(799)	(1,440)	(3,037)
Trade and other receivables	703	212	(499)	(1,491)
Prepayments	61	(29)	22	90
Trade and other payables	1,254	3,038	4,014	5,451
Provisions	(8)	3	(90)	(39)
Cash generated from operations	10,160	8,057	24,100	11,316
Income tax paid	(411)	(328)	(1,295)	(615)
Net cash from operating activities	9,749	7,729	22,805	10,701
Investing activities				
Acquisition of a subsidiary, net of cash used	-	(1,295)	-	(2,537)
Payment for previous acquisition of additional equity interest in a subsidiary	-	(2,000)	(1,850)	(2,000)
Purchase of property, plant and equipment	(6,461)	(1,151)	(15,011)	(2,362)
Purchase of intangible assets	(83)	(109)	(248)	(320)
Proceeds from disposal of investment property	423	-	423	-
Proceeds from disposal of plant and equipment	-	11	279	45
Interest received	50	46	151	89
Dividend received	-	-	11	34
Reversal of advances	-	3,509	-	-
Net cash used in investing activities	(6,071)	(989)	(16,245)	(7,051)

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

	Group		Group	
	3Q 2019/2020	3Q 2018/2019	9M 2019/2020	9M 2018/2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Financing activities				
Decrease in fixed deposits pledged with bank	248	-	248	-
Drawdown of bank borrowings	14,549	11,201	35,365	37,371
Repayment of loan from a director	-	(497)	-	(997)
Repayment of bank borrowings	(9,286)	(8,931)	(30,999)	(30,547)
Repayment of finance lease payables	-	(505)	-	(1,309)
Repayment of principal portion of lease liabilities	(2,035)	-	(5,872)	-
Dividends paid	(255)	-	(737)	(462)
Interest paid	(730)	(775)	(2,119)	(2,032)
Interest portion of lease liabilities paid	(390)	-	(1,166)	-
Net cash from/(used in) financing activities	2,101	493	(5,280)	2,024
Net change in cash and cash equivalents	5,779	7,233	1,280	5,674
Effect of foreign exchange rate changes on cash and cash equivalents	21	(65)	35	(58)
Cash and cash equivalents at beginning of financial period	11,357	9,364	15,842	10,916
Cash and cash equivalents at end of financial period	17,157	16,532	17,157	16,532
Cash and cash equivalents comprise:				
			Group	
			As at	
			31/12/2019	31/12/2018
			(Unaudited)	(Unaudited)
			\$'000	\$'000
Cash on hand and at bank			19,874	19,253
Fixed deposits			554	553
Cash and cash equivalents as per statement of financial position			20,428	19,806
Less: Fixed deposits pledged			(153)	(226)
Less: Bank overdraft			(3,118)	(3,048)
Cash and cash equivalents as per consolidated statement of cash flows			17,157	16,532

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 translation 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 2019	8,664	(1,291)	90	243	30,788	38,494	3,299	41,793
Profit for the financial period	-	-	-	-	5,779	5,779	309	6,088
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	70	-	70	4	74
Fair value loss on equity instruments at FVOCI	-	-	(225)	-	-	(225)	-	(225)
Total comprehensive income for the financial period	-	-	(225)	70	5,779	5,624	313	5,937
Changes in ownership interests in subsidiaries:								
Acquisition of additional equity interest in a subsidiary	-	(56)	-	-	-	(56)	(294)	(350)
Total changes in ownership interests in subsidiaries	-	(56)	-	-	-	(56)	(294)	(350)
Distribution to owners of the parent:								
Dividends	-	-	-	-	(737)	(737)	-	(737)
Total transaction with owners of the parent	-	-	-	-	(737)	(737)	-	(737)
Balance at 31 December 2019	8,664	(1,347)	(135)	313	35,830	43,325	3,318	46,643

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

Group	Share capital \$'000	Merger and capital reserves \$'000	Fair value translation 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 2018	7,899	179	162	248	26,849	35,337	4,076	39,413
Profit for the financial period	-	-	-	-	1,478	1,478	(397)	1,081
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	75	-	75	49	124
Fair value loss on equity instruments at FVOCI	-	-	(117)	-	-	(117)	-	(117)
Total comprehensive income for the financial period	-	-	(117)	75	1,478	1,436	(348)	1,088
Transactions with non-controlling interests:								
Acquisition of subsidiaries	857	(1,111)	-	-	-	(254)	(926)	(1,180)
Total transactions with non-controlling interests	857	(1,111)	-	-	-	(254)	(926)	(1,180)
Distribution to owners of the parent:								
Dividends	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Total transaction with owners of the parent	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Balance at 31 December 2018	8,756	(932)	45	323	26,868	35,060	2,802	37,862

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

Company	Share capital \$'000	Fair value translation account \$'000	Retained earnings \$'000	Total equity attributable to owners \$'000
(Unaudited)				
Balance at 1 April 2019	8,664	90	5,662	14,416
Profit for the financial period	-	-	871	871
Other comprehensive income:				
Fair value loss on equity instruments at FVOCI	-	(225)	-	(225)
Total comprehensive income for the financial period	-	(225)	871	646
Distribution to owners:				
Dividends	-	-	(737)	(737)
Total transaction with owners	-	-	(737)	(737)
Balance at 31 December 2019	8,664	(135)	5,796	14,325
(Unaudited)				
Balance at 1 April 2018	7,899	162	1,377	9,438
Profit for the financial period	-	-	1,147	1,147
Other comprehensive income:				
Fair value loss on equity instruments at FVOCI	-	(117)	-	(117)
Total comprehensive income for the financial period	-	(117)	1,147	1,030
Transactions with non-controlling interests:				
Acquisition of subsidiaries	857	-	-	857
Total transactions with non-controlling interests	857	-	-	857
Distribution to owners:				
Dividends	-	-	(1,459)	(1,459)
Total transaction with owners	-	-	(1,459)	(1,459)
Balance at 31 December 2018	8,756	45	1,065	9,866

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 nine-month period ended 31 December 2019. There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 31 December 2019 and 31 December 2018.

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

	Company	
	As at	
	31/12/2019	31/3/2019
Total number of issued shares excluding treasury shares	147,350,959	147,350,959

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

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

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

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

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

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

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

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

Not applicable.

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

The financial results for the current period have been prepared using the same accounting policies and methods of computation as presented in the Group's most recently audited financial statements for the financial year ended 31 March 2019, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for its financial year beginning 1 April 2019.

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

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

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

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

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

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

Statement of Financial Position	Group		
	As at 1/4/2019	SFRS(I) 16 Adjustments	As at 1/4/2019 (Restated)
	\$'000	\$'000	\$'000
Non-current assets			
Property, plant and equipment	81,218	(9,427)	71,791
Right-of-use assets	-	35,439	35,439
Current liabilities			
Finance lease payables	2,213	(2,213)	-
Lease liabilities	-	7,125	7,125
Non-current liabilities			
Finance lease payables	4,457	(4,457)	-
Lease liabilities	-	25,557	25,557

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	
	9M 2019/2020 (Unaudited)	9M 2018/2019 (Unaudited)
Profit attributable to owners of the parent (\$'000)	5,779	1,478
Actual/Weighted average number of ordinary shares ⁽¹⁾	147,350,959	146,433,409
Basic and diluted EPS based on actual/weighted average number of ordinary shares (cents) ⁽²⁾	3.92	1.01

Notes:

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

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

Net asset value ("NAV")	Group		Company	
	As at		As at	
	31/12/2019 (Unaudited)	31/3/2019 (Audited)	31/12/2019 (Unaudited)	31/3/2019 (Audited)
NAV (\$'000)	43,325	38,494	14,325	14,416
Number of ordinary shares	147,350,959	147,350,959	147,350,959	147,350,959
NAV per ordinary share (cents)	29.40	26.12	9.72	9.78

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

Review of Financial Performance

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

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

3Q 2019/2020 compared to 3Q 2018/2019

The Group registered \$50.82 million in revenue for the quarter ended 31 December 2019 (“**3Q 2019/2020**”) as compared to \$49.47 million in the previous corresponding quarter ended 31 December 2018 (“**3Q 2018/2019**”). The increase was approximately \$1.35 million or 2.7%. The increase was mainly attributable to the Food Catering business, offset by a decrease in the other businesses.

Food Catering business revenue increased by \$3.12 million or 13.1% from \$23.83 million in 3Q 2018/2019 to \$26.95 million in 3Q 2019/2020. The increase was mainly due to the strengthening in our recurring income from childcare and eldercare market segments as well as ramping up our “tingkat” business.

Food Retail business revenue decreased by \$0.39 million or 8.9% from \$4.43 million in 3Q 2018/2019 to \$4.04 million in 3Q 2019/2020. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue decreased by \$0.46 million or 3.6% from \$12.94 million in 3Q 2018/2019 to \$12.48 million in 3Q 2019/2020. The decrease was mainly due to a lower trading activities during 3Q 2019/2020.

Supplies and Trading business revenue decreased by \$0.91 million or 11.3% from \$8.01 million in 3Q 2018/2019 to \$7.10 million in 3Q 2019/2020. This was mainly attributable to a reduction in low margin trading transactions during 3Q 2019/2020.

Other businesses revenue decreased by \$0.02 million or 7.4% from \$0.27 million in 3Q 2018/2019 to \$0.25 million in 3Q 2019/2020.

Other income was recorded at \$0.28 million in 3Q 2019/2020 as compared to \$0.43 million in 3Q 2018/2019. It was decreased by \$0.15 million or 34.6% mainly due to the decrease in grants received from government of \$0.09 million during 3Q 2019/2020.

Purchases and consumables decreased by \$0.35 million or 1.7% to \$20.46 million in 3Q 2019/2020 as compared to \$20.81 million in 3Q 2018/2019. The Group’s revenue was increased in 3Q 2019/2020, however our purchases and consumables was decreased primarily due to the cost control measures in placed to improve our overall gross profit margin during 3Q 2019/2020.

Review of Financial Performance (Continued)

Depreciation and amortisation expenses increased by \$1.66 million or 70.7% to \$4.00 million in 3Q 2019/2020 as compared to \$2.34 million in 3Q 2018/2019. The increase was mainly due to the depreciation of right-of-use assets of \$1.86 million incurred upon the recognition of the right-of-use assets as a result of the adoption of SFRS(I) 16 Leases on 1 April 2019.

Advertising expenses increased by \$0.31 million or 35.7% to \$1.16 million in 3Q 2019/2020 as compared to \$0.85 million in 3Q 2018/2019. The increase was mainly due to increase in advertising and promotion activities during 3Q 2019/2020 for the preparation of upcoming festive seasons.

As a result of the adoption of SFRS(I) 16 Leases, there was no operating lease expenses recognised in 3Q 2019/2020 as compared to \$2.15 million in 3Q 2018/2019. In addition, finance costs increased by \$0.34 million or 44.5% to \$1.12 million in 3Q 2019/2020 as compared to \$0.78 million in 3Q 2018/2019. This was mainly attributable to the recognition of interest expenses of \$0.39 million during 3Q 2019/2020 in relation to the amortisation of discount on lease liabilities.

Our income tax expenses was recorded at \$0.53 million in 3Q 2019/2020 as compared to \$0.56 million in 3Q 2018/2019. The lower effective income tax rate was mainly attributable to a refund of \$0.29 million from IRAS for overprovision of income tax payable in prior financial years as well as a reversal of deferred tax liabilities of \$0.05 million in relation to the disposal of investment property during 3Q 2019/2020.

As a result of the above review, the Group's profit before and after tax improved by \$1.79 million or 71.2% from \$2.53 million in 3Q 2018/2019 to \$4.32 million in 3Q 2019/2020 and \$1.82 million or 93.0% from \$1.97 million in 3Q 2018/2019 to \$3.79 million in 3Q 2019/2020 respectively. The profit attributable to the owners of the parent was recorded at \$3.46 million, while the profit attributable to non-controlling interests was recorded at \$0.34 million in 3Q 2019/2020.

Our earnings before interest, tax, depreciation and amortisation ("**EBITDA**") increased by \$3.79 million or 67.8% from \$5.60 million in 3Q 2018/2019 to \$9.39 million in 3Q 2019/2020.

9M 2019/2020 compared to 9M 2018/2019

The Group registered \$141.92 million in revenue for the financial period ended 31 December 2019 ("**9M 2019/2020**") as compared to \$130.13 million in the previous corresponding financial period ended 31 December 2018 ("**9M 2018/2019**"). The increase was approximately \$11.79 million or 9.1%. The increase was mainly attributable to the Food Catering business, offset by a decrease in the other businesses.

Food Catering business revenue increased by \$15.16 million or 27.1% from \$55.85 million in 9M 2018/2019 to \$71.01 million in 9M 2019/2020. The increase was mainly due to the strengthening in our recurring income from childcare and eldercare market segments, ramping up of our "tingkat" business as well as revenue contributed by acquired subsidiaries.

Food Retail business revenue decreased by \$1.16 million or 9.2% from \$12.60 million in 9M 2018/2019 to \$11.44 million in 9M 2019/2020. This was mainly attributable to the closure of non-performing outlets.

Food Manufacturing business revenue decreased by \$0.65 million or 1.8% from \$36.74 million in 9M 2018/2019 to \$36.09 million in 9M 2019/2020. The decrease was mainly due to a lower trading activities during 9M 2019/2020.

Supplies and Trading business revenue decreased by \$1.50 million or 6.2% from \$24.13 million in 9M 2018/2019 to \$22.63 million in 9M 2019/2020. This was mainly attributable to a reduction in low margin trading transactions during 9M 2019/2020.

Other businesses revenue decreased by \$0.07 million or 7.8% from \$0.82 million in 9M 2018/2019 to \$0.75 million in 9M 2019/2020.

Other income was recorded at \$1.25 million in 9M 2019/2020 as compared to \$1.28 million in 9M 2018/2019.

Review of Financial Performance (Continued)

Purchases and consumables increased by \$2.22 million or 4.0% to \$58.01 million in 9M 2019/2020 as compared to \$55.79 million in 9M 2018/2019. The increase is in line with the overall increase in the Group's revenue at a higher gross profit margin.

Delivery expenses increased by \$0.50 million or 19.20% to \$3.13 million in 9M 2019/2020 as compared to \$2.63 million in 9M 2018/2019. This was mainly attributable to the increase in our outsourced delivery expenses for our Food Catering business.

Employee benefits expense increased by \$1.45 million or 3.6% to \$41.47 million in 9M 2019/2020 as compared to \$40.02 million in 9M 2018/2019. This was mainly due to the consolidation of the additional headcounts from the acquired catering subsidiaries.

Depreciation and amortisation expenses increased by \$5.26 million or 79.3% to \$11.89 million in 9M 2019/2020 as compared to \$6.63 million in 9M 2018/2019. The increase was mainly due to the depreciation of right-of-use assets of \$5.55 million incurred upon the recognition of the right-of-use assets as a result of the adoption of SFRS(I) 16 Leases on 1 April 2019.

As a result of the adoption of SFRS(I) 16 Leases, there was no operating lease expenses recognised in 9M 2019/2020 as compared to \$5.85 million in 9M 2018/2019. In addition, finance costs increased by \$1.26 million or 61.7% to \$3.29 million in 9M 2019/2020 as compared to \$2.03 million in 9M 2018/2019. This was mainly attributable to the recognition of interest expenses of \$1.17 million during 9M 2019/2020 in relation to the amortisation of discount on lease liabilities.

Other expenses increased by \$1.55 million or 15.5% to \$11.53 million in 9M 2019/2020 as compared to \$9.98 million in 9M 2018/2019. This was mainly due to the increase in IT expenses, travelling expenses, repair and maintenance expenses, as well as recognition of short-term, low-value, variable leases and a loss on disposal of investment property during 9M 2019/2020.

Our income tax expenses was recorded at \$0.82 million in 9M 2019/2020 as compared to \$0.74 million in 9M 2018/2019. The lower effective income tax rate was mainly attributable to a refund of \$0.29 million from IRAS for overprovision of income tax payable in prior financial years as well as a reversal of deferred tax liabilities of \$0.05 million in relation to the disposal of investment property during 9M 2019/2020.

As a result of the above review, the Group's profit before and after tax improved by \$5.08 million from \$1.82 million in 9M 2018/2019 to \$6.90 million in 9M 2019/2020 and \$5.01 million from \$1.08 million in 9M 2018/2019 to \$6.09 million in 9M 2019/2020 respectively. The profit attributable to the owners of the parent was recorded at \$5.78 million, while the profit attributable to non-controlling interests was recorded at \$0.31 million in 9M 2019/2020.

Our EBITDA increased by \$11.54 million or 111.0% from \$10.39 million in 9M 2018/2019 to \$21.93 million in 9M 2019/2020.

Review of Financial Position

The Group's current assets increased by \$3.18 million from \$56.50 million as at 31 March 2019 to \$59.68 million as at 31 December 2019. The increase was primarily due to the Group's inventories increasing by \$1.35 million to maintain a higher inventory level to cope with the upcoming festive seasons as well as the Group's cash and cash equivalents increasing by \$1.40 million which was mainly attributable to the increase in net cash from operating activities during 9M 2019/2020.

The Group's non-current assets increased by \$35.37 million from \$106.65 million as at 31 March 2019 to \$142.02 million as at 31 December 2019. This was mainly attributable to the recognition of right-of-use assets of \$34.41 million as at 31 December 2019 as well as the increase in property, plant and equipment of \$2.16 million during 9M 2019/2020, which was offset by the disposal of investment property at 16 Jalan Kilang Timor #03-07 with net carrying amount of \$0.56 million. The increase in property, plant and equipment was mainly due to the additions of property, plant and equipment acquired during 9M 2019/2020, which was offset by the reclassification of certain leased assets from property, plant and equipment to right-of-use assets and depreciation charged for 9M 2019/2020.

Review of Financial Position (Continued)

The Group's current and non-current liabilities increased by \$11.17 million from \$67.51 million as at 31 March 2019 to \$78.68 million as at 31 December 2019 and \$22.54 million from \$53.84 million as at 31 March 2019 to \$76.38 million as at 31 December 2019 respectively. The increase was mainly due to the recognition of current and non-current lease liabilities of \$7.19 million and \$24.60 million respectively as at 31 December 2019 as a result of the adoption of SFRS(I) 16 Leases, increase in current trade and other payables of \$4.34 million as well as increase in current and non-current bank borrowings of \$1.77 million and \$2.92 million respectively as at 31 December 2019. This was offset by the reclassification of current and non-current finance lease payables of \$2.21 million and \$4.46 million respectively to lease liabilities.

As at 31 December 2019, the Group was in a net current liability position of \$19.00 million, mainly due to the effects of recognising lease liabilities upon adoption of SFRS(I) 16 Leases, drawdown of revolving short-term facilities, trade facilities from banks to support the operating activities in Supplies and Trading business and business expansion in Food Manufacturing business. However, the Group's total assets exceeded its total liabilities by approximately \$46.64 million. In assessing whether the Group can meet its debts obligations as and when they fall due, the management had prepared cash flow forecasts which was approved by the Board of Directors of the Company ("**Board**"). The cash flows were derived from the financial budgets and projections which indicate that the Group has sufficient cash and cash equivalents and adequate bank facilities to support the Group's operations and pay its debts as and when they fall due.

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

Review of Cash Flows

The Group's net cash from operating activities in 9M 2019/2020 was \$22.81 million, which resulted from positive operating cash flows before working capital changes of \$22.09 million as well as the reduction in net working capital of \$2.00 million being offset by the net income tax paid of \$1.30 million during 9M 2019/2020. The reduction in net working capital was mainly due to an increase in trade and other payables of approximately \$4.01 million, which was offset by an increase in inventories and trade and other receivables of approximately \$1.44 million and \$0.50 million respectively.

The Group's net cash used in investing activities of \$16.25 million during 9M 2019/2020 was mainly attributable to the balance payment of \$1.85 million for the acquisition of additional equity interest in Thong Siek Global Pte Ltd in prior financial year as well as payment of \$15.01 million during 9M 2019/2020 to acquire a leasehold property at 8A Admiralty Street #03-20 and progress payments for construction-in-progress of our new headquarter at 30B Quality Road, which was offset by the net proceed from disposal of investment property at 16 Jalan Kilang Timor #03-07 of \$0.42 million.

The Group's net cash used in financing activities of \$5.28 million during 9M 2019/2020 was mainly due to the repayment of bank borrowings of \$31.00 million, repayment of principal portion of lease liabilities of \$5.87 million, interest payment of \$2.12 million, interest portion of lease liabilities of \$1.17 million and dividend payment of \$0.74 million, which was offset by the drawdown of bank borrowings of \$35.37 million during 9M 2019/2020.

As a result of the above, the net increase in cash and cash equivalents during 9M 2019/2020 was \$1.28 million.

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

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

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

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

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

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

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

The novel coronavirus (COVID-19) will present headwinds to our strong growth momentum going forward.

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

11. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

b. Corresponding Period of the Immediately Preceding Financial Year

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

None

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

Not applicable

d. The date the dividend is payable

Not applicable

e. Books closure date

Not applicable

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

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

13. Interested person transactions

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'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	317.1	-
- Rental and utilities income	18.0	-
(ii) Office premise lease expense ¹	73.8	-
(iii) Interest expense	7.9	
Neo Kah Kiat and Liew Oi Peng		
(i) Office premise lease expense ²	146.3	-
(ii) Rental of hostel for staff welfare	9.0	-
(iii) Twinkle Investment Pte Ltd		
- Office premise lease expense ³	131.8	-
- Interest expense	41.0	-
(iv) Pisces Wellness Pte Ltd		
- Cost of services purchased	9.1	-

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 9M 2019/2020 relates to #05-04 at Enterprise One amounting to approximately \$73,800. 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 9M 2019/2020 relates to lease expense for #05-03 and #05-05 at Enterprise One amounting to approximately \$146,300. 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 9M 2019/2020 partly relates to lease expense for #05-06 at Enterprise One amounting to approximately \$76,700. 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 nine-month period ended 31 December 2019 to be false or misleading in any material aspect.

Neo Kah Kiat
Chairman and Chief Executive Officer

Liew Oi Peng
Executive Director

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

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

BY ORDER OF THE BOARD

Neo Kah Kiat
Chairman and Chief Executive Officer
12 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), Listing Manual Section B: Rules of Catalist.

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

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