



**KITCHEN CULTURE HOLDINGS LTD.**

(Company Registration No: 201107179D)  
(the “Company”, and together with its subsidiaries, the “Group”)

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**FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“Sponsor”), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Sponsor has not independently verified the contents of this announcement.*

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

*The contact person for the Sponsor is Ms. Lee Khai Yinn (telephone no.: (65) 6532 3829), at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.*

**CHANGE OF FINANCIAL YEAR END**

On 6 September 2016, the Company had announced a change of financial year end from 31 December to 30 June. Therefore, the financial statements presented for this results announcement will cover the 18-month financial period from 1 January 2016 to 30 June 2017 (“**FP2017**”), and the comparative preceding financial period will cover the 12-month financial period from 1 January 2015 to 31 December 2015 (“**FY2015**”).

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.

	Group		% Change Increase/ (Decrease)
	Unaudited FP2017	Audited FY2015	
	\$	\$	
<b>Revenue</b>	49,587,071	26,609,899	86.35
Cost of sales	(34,403,699)	(13,945,575)	146.70
<b>Gross profit</b>	15,183,372	12,664,324	19.89
Other income	97,171	1,071,963	(90.94)
Selling and distribution expenses	(10,864,839)	(9,143,014)	18.83
Other operating expenses	(404,208)	(5,098,375)	(92.07)
General and administrative expenses	(9,082,494)	(5,159,140)	76.05
Finance costs	(1,331,746)	(835,220)	59.45
<b>Loss before tax</b>	(6,402,744)	(6,499,462)	(1.49)
Tax credit	-	452,433	N.M.
<b>Loss for the year</b>	(6,402,744)	(6,047,029)	5.88
<b>Other comprehensive income for the year, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	38,197	316,809	(87.94)
Exchange differences transferred to profit or loss upon remeasurement of investment	-	(11,014)	N.M.
Other comprehensive income for the year, net of tax	38,197	305,795	(87.51)
<b>Total comprehensive loss for the year</b>	(6,364,547)	(5,741,234)	10.86
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company	(6,414,851)	(5,344,324)	20.03
Non-controlling interests	12,107	(702,705)	N.M.
<b>Net loss for the year</b>	(6,402,744)	(6,047,029)	5.88
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company	(6,386,731)	(5,058,092)	26.27
Non-controlling interests	22,184	(683,142)	N.M.
<b>Total comprehensive loss for the year</b>	(6,364,547)	(5,741,234)	10.86

N.M. = Not Meaningful

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

	<b>Unaudited</b>	<b>Group</b>	<b>Audited</b>	<b>% Change</b>
	<b>FP2017</b>		<b>FY2015</b>	<b>Increase/(Decrease)</b>
	<b>\$</b>		<b>\$</b>	
Allowance for doubtful receivables	(31,135)		(589,865)	(94.72)
Allowance for doubtful receivables written back	-		1,009	N.M.
Bad debts recovered	-		31,971	N.M.
Amortisation of investment property	(18,058)		-	N.M.
Depreciation of property, plant and equipment	(1,131,429)		(860,857)	31.43
Loss on disposal of property, plant and equipment	(873)		-	N.M.
Property, plant and equipment written off	(89,961)		(33,720)	166.80
Impairment of goodwill on consolidation	-		(2,834,058)	N.M.
Interest income	2,927		146,958	(98.01)
Interest expense	(1,071,464)		(835,220)	28.29
Inventories:				
- written down	(23,783)		(238,528)	(90.03)
- written off	-		(601,786)	N.M.
Loss on settlement of pre-existing relationship	-		(112,157)	N.M.
Re-measurement gain on previously held joint venture	-		643,566	N.M.
Net loss on foreign exchange difference	(101,794)		(625,194)	N.M.

N.M. = Not Meaningful

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

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 30.06.2017</b>	<b>Audited 31.12.2015</b>	<b>Unaudited 30.06.2017</b>	<b>Audited 31.12.2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>				
Property, plant and equipment	1,096,145	1,687,517	-	-
Investment property	258,825	276,883	-	-
Subsidiaries	-	-	1,500,005	1,500,005
Trade receivables	-	674,385	-	-
Deferred tax assets	342,926	350,582	-	-
	<u>1,697,896</u>	<u>2,989,367</u>	<u>1,500,005</u>	<u>1,500,005</u>
<b>Current assets</b>				
Cash and cash equivalents	696,705	3,257,939	9,539	21,767
Trade and other receivables	12,403,325	12,981,651	4,503,255	4,090,881
Inventories	9,364,369	10,760,610	-	-
Tax recoverable	61,998	-	-	-
	<u>22,526,397</u>	<u>27,000,200</u>	<u>4,512,794</u>	<u>4,112,648</u>
<b>Total assets</b>	<u>24,224,293</u>	<u>29,989,567</u>	<u>6,012,799</u>	<u>5,612,653</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	46,943	114,563	-	-
Borrowings	3,750,000	4,250,000	-	-
	<u>3,796,943</u>	<u>4,364,563</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Borrowings	3,206,237	8,414,731	750,000	-
Finance lease liabilities	111,609	58,058	-	-
Trade and other payables	16,321,851	10,000,016	460,233	297,931
Income tax payable	4,429	4,429	-	-
	<u>19,644,126</u>	<u>18,477,234</u>	<u>1,210,233</u>	<u>297,931</u>
<b>Total liabilities</b>	<u>23,441,069</u>	<u>22,841,797</u>	<u>1,210,233</u>	<u>297,931</u>
<b>Net assets</b>	<u>783,224</u>	<u>7,147,770</u>	<u>4,802,566</u>	<u>5,314,722</u>
<b>Equity</b>				
Share capital	6,231,259	6,231,259	6,231,259	6,231,259
Translation reserve	403,035	374,915	-	-
(Accumulated losses)/Retained earnings	(5,680,761)	734,090	(1,428,693)	(916,537)
	<u>953,533</u>	<u>7,340,264</u>	<u>4,802,566</u>	<u>5,314,722</u>
<b>Equity attributable to owners of the Company</b>	<u>953,533</u>	<u>7,340,264</u>	<u>4,802,566</u>	<u>5,314,722</u>
Non-controlling interests	(170,309)	(192,494)	-	-
<b>Total equity</b>	<u>783,224</u>	<u>7,147,770</u>	<u>4,802,566</u>	<u>5,314,722</u>

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year.

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

Unaudited As at 30 June 2017		Audited As at 31 December 2015	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
3,317,846	-	8,472,789	-

**Amount repayable after one year**

Unaudited As at 30 June 2017		Audited As at 31 December 2015	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
3,546,943	250,000	4,364,563	-

Details of collateral are as follows:

**Borrowings from financial and non-financial institutions**

Borrowings from financial institutions comprised of term loans, short-term revolving loans, accounts receivable financing and bills payable. Borrowings from non-financial institutions comprised of loans from shareholders and third parties and loan from a Director.

Save for the loan from a Director, all borrowings from financial and non-financial institutions are secured by corporate guarantees from the Company.

**Finance lease liabilities**

As at 30 June 2017, the finance lease liabilities of \$158,552 (as at 31 December 2015: \$172,621) are secured on the property, plant and equipment purchased under the finance leases and guaranteed by the Company's Director, namely Mr. Lim Wee Li (\$83,822) and the Company (\$74,730). As at 31 December 2015, all finance leases were guaranteed by Mr. Lim Wee Li.

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.

	<b>Group</b>	
	<b>Unaudited FP2017</b>	<b>Audited FY2015</b>
	\$	\$
<b>Operating activities</b>		
Loss before tax	(6,402,744)	(6,499,462)
Adjustments for:		
Re-measurement gain on previously held joint venture	-	(643,566)
Loss on settlement of pre-existing relationship	-	112,157
Impairment of goodwill on consolidation	-	2,834,058
Depreciation of property, plant and equipment	1,131,429	860,857
Amortisation of investment property	18,058	-
Loss on disposal of property, plant and equipment	873	-
Property, plant and equipment written off	89,961	33,720
Interest expense	1,071,464	835,220
Interest income	(2,927)	(146,958)
Unrealised foreign exchange losses	33,143	234,728
Operating cash flows before movements in working capital	(4,060,743)	(2,379,246)
Inventories	1,396,241	3,937,817
Trade and other receivables	1,252,711	(2,133,919)
Trade and other payables	2,619,147	(1,130,928)
Cash generated from/(used in) operating activities	1,207,356	(1,706,276)
Income taxes (paid)/received	(61,998)	24,814
<b>Net cash from/(used in) operating activities</b>	<b>1,145,358</b>	<b>(1,681,462)</b>
<b>Investing activities</b>		
Net cash inflow from acquisition of a subsidiary	-	76,501
Payment for deferred consideration on acquisition of subsidiary	-	(332,438)
Interest received	2,927	10,257
Purchase of property, plant and equipment	(636,971)	(859,265)
Proceeds from disposal of property, plant and equipment	6,080	-
<b>Net cash used in investing activities</b>	<b>(627,964)</b>	<b>(1,104,945)</b>

**Consolidated Statement of Cash Flows  
(cont'd)**

	<b>Group</b>	
	<b>Unaudited FP2017</b>	<b>Audited FY2015</b>
	<b>\$</b>	<b>\$</b>
<b>Financing activities</b>		
Fixed deposit pledged to a bank	(490)	(418)
Proceeds from bank borrowings	-	14,760,421
Repayment of bank borrowings	(5,967,048)	(10,903,999)
Repayment of finance leases	(14,068)	(60,113)
Drawdown of term loan from a director	3,702,687	-
Interest paid	(1,071,464)	(815,219)
Repayment of term loan from external third parties	(500,000)	-
<b>Net cash (used in)/from financing activities</b>	<b>(3,850,383)</b>	<b>2,980,672</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,332,989)</b>	<b>194,265</b>
Cash and cash equivalents at beginning of the financial year	3,090,434	2,900,063
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	12,711	(3,894)
<b>Cash and cash equivalents at the end of the financial year (Note A)</b>	<b>(229,844)</b>	<b>3,090,434</b>

**Note A**

	<b>As at 30 June 2017</b>	<b>As at 31 December 2015</b>
	<b>\$</b>	<b>\$</b>
Bank balances	528,710	3,090,434
Fixed deposit	167,995	167,505
<b>Cash and cash equivalents</b>	<b>696,705</b>	<b>3,257,939</b>
Less: bank overdraft	(758,554)	-
Less: pledged fixed deposit	(167,995)	(167,505)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>(229,844)</b>	<b>3,090,434</b>

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.

<b>Group</b>	<b>Share capital</b>	<b>Retained earnings/ (Accumulated losses)</b>	<b>Translation reserve</b>	<b>Attributable to owners of the Company</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 1 January 2016</b>	6,231,259	734,090	374,915	7,340,264	(192,494)	7,147,770
Loss for the year	-	(6,414,851)	-	(6,414,851)	12,107	(6,402,744)
<i>Other comprehensive income</i>						
- Exchange differences on translation of foreign operations	-	-	28,120	28,120	10,076	38,196
Total comprehensive income for the year	-	(6,414,851)	28,120	(6,386,731)	22,183	(6,364,546)
<b>As at 30 June 2017</b>	<b>6,231,259</b>	<b>(5,680,761)</b>	<b>403,035</b>	<b>953,533</b>	<b>(170,309)</b>	<b>783,224</b>
<b>As at 1 January 2015</b>	6,231,259	6,078,414	88,683	12,398,356	(287)	12,398,069
Loss for the year	-	(5,344,324)	-	(5,344,324)	(702,705)	(6,047,029)
<i>Other comprehensive income</i>						
- Exchange differences on translation of foreign operations	-	-	297,246	297,246	19,563	316,809
- Exchange differences transferred to profit or loss upon remeasurement of investment	-	-	(11,014)	(11,014)	-	(11,014)
Total comprehensive income for the year	-	(5,344,324)	286,232	(5,058,092)	(683,142)	(5,741,234)
Acquisition of non-controlling interests in a joint venture with change in control	-	-	-	-	490,935	490,935
<b>As at 31 December 2015</b>	<b>6,231,259</b>	<b>734,090</b>	<b>374,915</b>	<b>7,340,264</b>	<b>(192,494)</b>	<b>7,147,770</b>



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. (cont'd)

<b>Company</b>	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 1 January 2016</b>	6,231,259	(916,537)	5,314,722
Loss for the year, representing total comprehensive income for the year	-	(512,156)	(512,156)
<b>As at 30 June 2017</b>	<u>6,231,259</u>	<u>(1,428,693)</u>	<u>4,802,566</u>
 <b>As at 1 January 2015</b>	 6,231,259	 (128,659)	 6,102,600
Loss for the year, representing total comprehensive income for the year	-	(787,878)	(787,878)
<b>As at 31 December 2015</b>	<u>6,231,259</u>	<u>(916,537)</u>	<u>5,314,722</u>

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.

	<u>As at 30 June 2017</u>		<u>As at 31 December 2016</u>	
	No. of shares	\$	No. of shares	\$
<b>Issued and paid-up share capital</b>	100,000,000	6,231,259	100,000,000	6,231,259

There was no change in the Company's share capital since the end of the previous period reported on, being 31 December 2016 up till 30 June 2017. The Company had no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2017 and 31 December 2015.

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>As at 30 June 2017</b>	<b>As at 31 December 2015</b>
Total number of shares excluding treasury shares	100,000,000	100,000,000

There were no treasury shares as at 30 June 2017 and 31 December 2015.

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.

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 June 2017.

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.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2017.

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 auditors.

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

Not applicable.

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

Except as disclosed in Note 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period compared to the most recently audited financial statements for FY2015.

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 new and revised Singapore Financial Reporting Standards (“FRSs”) and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016, where applicable. The adoption of these standards from the effective date did not result in material adjustments to the financial position, results of operations or cash flows of the Group for FP2017.

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

	<b>Group</b>	
	<b>FP2017</b>	<b>FY2015</b>
Basic and fully diluted loss per ordinary share (cents)	<u>(6.4)</u>	<u>(5.3)</u>

Basic and fully diluted loss per ordinary share are calculated by dividing the Group's loss attributable to owners of the Company for the year by the weighted average number of ordinary shares of 100,000,000. The basic and fully diluted loss per ordinary share in FP2017 and FY2015 are the same as the Company did not have any dilutive equity instruments in the respective financial years.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 June 2017</b>	<b>As at 31 December 2015</b>	<b>As at 30 June 2017</b>	<b>As at 31 December 2015</b>
Net asset value per ordinary share (cents)	<u>1.0</u>	<u>7.3</u>	<u>4.8</u>	<u>5.3</u>

Net asset value per ordinary share is calculated based on the aggregate number of ordinary shares of 100,000,000.

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

Due to the change of financial year end, the changes in income and expenses between the 18-month financial period from 1 January 2016 to 30 June 2017 and the 12-month financial period from 1 January 2015 to 31 December 2015 are not comparable.

## **Review of Consolidated Statement of Comprehensive Income**

### ***Revenue***

In FP2017, the Group recorded revenue of \$49.6 million, an increase of 86.4% or \$23.0 million as compared to \$26.6 million in FY2015. The increase was attributable to higher revenue contribution from the Residential Projects and Distribution and Retail segments by S\$16.8 million or 108.6% and \$5.9 million or 54.4% respectively. This is boosted by the increase in Singapore revenue from \$13.2 million to \$32.6 million and also Hong Kong and China, where revenue increased from \$5.4 million to \$10.7 million and approximately \$39,000 to \$0.5 million respectively, offset by the drop in revenue in Malaysia from \$7.7 million to \$5.9 million.

### **Residential Projects**

In FP2017, the Residential Projects segment accounted for 66.0% or \$32.7 million of the Group's revenue. Comparatively, in FY2015, the Residential Projects segment accounted for 59.0% or \$15.7 million of the Group's revenue. The increase in revenue contributed by Residential Projects was due to the Company taking on a large scale project in FP2017 as compared to FY2015.

### **Distribution and Retail**

In FP2017, the Distribution and Retail segment accounted for 34.0% or \$ 16.9 million of the Group's revenue. Comparatively, in FY2015, the Distribution and Retail segment accounted for 41.0% or \$10.9 million of the Group's revenue. The main reason for the increase in revenue for this segment was due to the longer 18 month period for FP2017 compared to 12 months for FY2015.

### ***Gross Profit***

In tandem with the higher revenue recorded in FP2017, gross profit increased by \$2.5 million from \$12.6 million in FY2015 to \$15.2 million in FP2017. Despite the higher gross profit recorded in FP2017, gross profit margin is lower for FP2017 at 30.6% as compared to 47.6% in FY2015 due to the Company taking on a number of large scale projects which had smaller margins.

### ***Other income***

Other income decreased by \$1.0 million or 90.94% from \$1.1 million in FY2015 to \$0.1 million in FP2017 mainly due to Kitchen Culture (Hong Kong) Limited ("KCHK") realised exchange gain in FY2015, and remeasurement gain on previously held joint venture absent in FP2017. Finance income decreased by \$0.1 million from \$0.1 million in FY2015 to approximately \$3,000 in FP2017 due mainly to the decrease in interest income from KHL Marketing Asia-Pacific Pte. Ltd. ("KHLM").

### ***Selling and Distribution Expenses***

Selling and distribution expenses increased by 18.8% or \$1.7 million, from \$9.1 million in FY2015 to \$10.8 million in FP2017.

This is mainly due to the longer 18-month period for FP2017 which was partially offset by a reduction in staff costs in the Company mainly KHLM.

### ***General and Administrative Expenses***

General and administrative expenses increased by \$3.9 million, from \$5.2 million in FY2015 to \$9.1 million in FP2017 mainly due to the longer 18-month period for FP2017 which was partially offset by a reduction in staff costs in the Company's subsidiaries KCHK, KC Malaysia and KHLM.

### ***Finance Costs***

Finance costs increased by \$0.5 million, from \$0.8 million in FY2015 to \$1.3 million in FP2017, mainly due to additional borrowings.

### ***Other Operating Expenses***

Other operating expenses decreased by \$4.7 million, from \$5.1 million in FY2015 to \$0.4 million in FP2017.

This was mainly attributable to:

- a. the absence of impairment of goodwill in FP2017 as compared to \$2.8 million in FY2015;
- b. a decrease in allowance for doubtful receivables in FP2017 of \$0.6 million; and
- c. a decrease in write down and an absence of write off of inventories in FP2017 amounting to \$0.2 million and \$0.6 million respectively.

### ***Profit Before Tax***

As a result of the above, in FP2017, the Group recorded a loss before tax of \$6.4 million, as compared to a loss before tax of \$6.0 million in FY2015.

### **Operating Segment's Results**

Losses from the Residential Projects segment increased by \$0.7 million, from \$3.2 million in FY2015 to \$3.9 million in FP2017 due to higher direct costs despite a higher revenue recorded by the Group in this segment in FP2017. Distribution and Retail reported a profit of \$0.3 million in FY2015 as compared to a loss of \$1.9 million in FP2017, due to higher operating costs.

## **Review of Statements of Financial Position of the Group**

### ***Assets***

The Group's total assets as at 30 June 2017 decreased by \$5.8 million from \$30.0 million as at 31 December 2015 to \$24.2 million as at 30 June 2017.

The decrease in total assets was mainly attributable to:

- a. decrease in net carrying value of property, plant and equipment of \$0.6 million due mainly to depreciation charge;
- b. decrease in cash and cash equivalents of \$2.6 million;
- c. decrease in inventories of \$1.4 million; and
- d. decrease in trade and other receivables of \$1.2 million.

### ***Liabilities***

The Group's total liabilities as at 30 June 2017 increased by \$0.6 million from \$22.8 million as at 31 December 2015 to \$23.4 million as at 30 June 2017.

The increase in total liabilities was mainly attributable to:

- a. an increase in trade and other payables of \$6.3 million; and
- b. partially offset by decreases in borrowings and finance lease of an aggregate \$5.8 million.

### ***Total Equity***

Total equity decreased by \$6.4 million from \$7.1 million as at 31 December 2015 to \$0.8 million as at 30 June 2017. The Group's net asset value per ordinary share stood at 1.0 cent as at 30 June 2017 as compared to 7.3 cents as at 31 December 2015.

### **Review of Consolidated Statement of Cash Flows**

In FP2017, the Group's operating cash flows before working capital changes was \$4.1 million. The net cash generated from working capital amounting to \$1.2 million was due mainly to a decrease in inventories of \$1.4 million, a decrease in trade and other receivables of \$1.3 million and an increase in payables of \$2.6 million. The net cash generated from operating activities in FP2017 amounted to \$ 1.1 million.

In FP2017, the net cash used in investing activities of \$0.6 million was mainly due to net cash outflow on purchase of property, plant and equipment.

The net cash used in financing activities of \$3.9 million in FP2017 was due mainly to repayment of bank borrowings, finance leases and term loans from third parties of \$6.5 million and interest expenses of \$1.1 million paid in FP2017, partially offset by the drawdown of term loan from a Director of \$3.7 million.

As a result of the above, cash and cash equivalents decreased by \$3.3 million, from \$3.1 million as at 31 December 2015 to a deficit of \$0.2 million as at 30 June 2017.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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.](#)

For the next 12 months, the Group will continue to capitalise on its core competencies and to focus on the sale of its imported kitchen systems, kitchen appliances, wardrobe systems, household furniture and accessories for residential projects and for distribution and retail in both local and regional markets. The Group will also continue exploring opportunities to streamline its operational costs moving forward.

Given the present economic outlook and uncertainty in the global economy, the business conditions in Singapore, Malaysia, Hong Kong and China are expected to remain challenging and competitive for the next 12 months.

11. [If a decision regarding dividend has been made:](#)  
(a) [Whether an interim \(final\) ordinary dividend has been declared \(recommended\)](#)

No.

- (b)(i) [Amount per share/rate %](#)

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary share (cents)	Not applicable

(b)(ii) Previous corresponding period/rate %

Name of Dividend	
Dividend type	Not applicable
Dividend amount per ordinary share (cents)	Not applicable

- (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) The date on which Registrable Transfers received 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.

No dividend has been declared or recommended for FP2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

The Company had previously provided a corporate guarantee over the outstanding loan (together with the interest thereof) provided by Mr Lim Wee Li, the Executive Chairman and CEO of the Company, to a subsidiary of the Company. Further details on the loan and corporate guarantee can be found in pages 35 and 36 of the Company's Annual Report for FY2015. Such corporate guarantee has been removed with effect from 28 April 2017.

Save as disclosed, there was no interested person transaction entered into by the Group with value of more than \$100,000 during FP2017.

14. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

The Company confirms that all the required undertakings in the format set out in Appendix 7H under the Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers.

15. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Residential Projects		Distribution and Retail		Others		Total	
	FP2017	FY2015	FP2017	FY2015	FP2017	FY2015	FP2017	FY2015
	\$	\$	\$	\$	\$	\$	\$	\$
Reportable segment revenue	32,727,466	15,692,335	16,859,605	10,917,564	-	-	49,587,071	26,609,899
Reportable segment losses	(3,456,589)	(3,201,768)	(1,857,523)	310,987	-	291,616	(5,314,112)	(2,599,165)
Reportable segment assets	14,062,442	18,026,565	10,007,595	11,906,728	154,256	56,274	24,224,293	29,989,567
Segment liabilities	7,719,910	4,997,696	9,510,450	6,466,045	2,842	504,468	17,233,202	11,968,209
Unallocated liabilities							6,207,867	10,873,588
<b>Total liabilities</b>							<b>23,441,069</b>	<b>22,841,797</b>
Capital expenditure	305,078	464,528	344,024	504,663	-	-	649,102	969,191
Depreciation of property, plant and equipment	577,919	(433,913)	553,519	(426,944)	-	-	1,131,429	(860,857)
Allowance for doubtful trade receivables	16,258	(84,283)	14,877	(505,582)	-	-	31,135	(589,865)
Impairment of goodwill on consolidation	-	-	-	-	-	(2,834,058)	-	(2,834,058)
Property, plant and equipment written off	(89,961)	(12,146)		(21,574)	-	-	(89,961)	(33,720)



A reconciliation of segment losses to the loss before tax is as follows:

	<b>Group</b>	
	<b>FP2017</b>	<b>FY2015</b>
	\$	\$
Segment losses	(5,314,112)	(2,599,165)
Interest income	2,927	146,958
Net loss on foreign exchange difference	(101,794)	(625,194)
Interest on borrowings	(989,765)	(588,003)
Impairment of goodwill on consolidation	-	(2,834,058)
Loss before tax	<u>(6,402,744)</u>	<u>(6,499,462)</u>

***Geographical information***

Revenue based on the geographical location of customers is as follows:

	<b>Sales to external customers</b>	
	<b>FP2017</b>	<b>FY2015</b>
	\$	\$
Singapore	32,578,628	13,201,489
Hong Kong	10,651,665	5,423,086
Malaysia	5,867,443	7,704,082
China	489,335	38,994
Others	-	242,248
	<u>49,587,071</u>	<u>26,609,899</u>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Note 8 above for details.

17. A breakdown of sales as follows:

	<b>Group</b>		<b>% Increase/ (Decrease)</b>
	<b>FP2017</b>	<b>FY2015</b>	
	\$	\$	
(a) Sales reported for first 6-month period	12,808,371	14,232,169	10.00
(b) (Loss)/profit after tax before deducting non-controlling interests reported for first 6-month period	(1,541,986)	292,575	(627.04)
(c) Sales reported for second 6-month period	20,201,701	12,377,730	63.21
(d) Loss after tax before deducting non-controlling interests reported for second 6-month period	(1,326,119)	(6,339,604)	(79.08)
(e) Sales reported for third 6-month period	16,576,999	Not applicable	N.M.
(f) Loss after tax before deducting non-controlling interests reported for third 6-month period	(3,534,639)	Not applicable	N.M.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

No dividend was declared for FY2015 and FP2017.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying a managerial position in the Company and its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10) of the Catalist Rules.

**On behalf of the Board of Directors**

Lim Wee Li  
Executive Chairman and CEO

Date: 29 August 2017