KITCHEN CULTURE HOLDINGS LTD.
(Company Registration No: 201107179D)
(Incorporated in the Republic of Singapore on 25 March 2011)
(the "Company", and together with its subsidiaries, the "Group")

FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ("FY") 2011

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Collins Stewart Pte. Limited 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.

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

	Group		
	Unaudited	**Audited**	**% Change**
	FY2011	**FY2010**	**Increase/ (Decrease)**
	$	**$**	
Revenue	22,086,119	31,220,675	(29.3)
Cost of sales	(10,910,276)	(18,211,114)	(40.1)
Gross profit	11,175,843	13,009,561	(14.1)
Other income	214,608	561,174	(61.8)
Selling and distribution expenses	(5,830,423)	(5,306,458)	9.9
General and administrative expenses	(3,643,940)	(2,248,596)	62.1
Finance costs	(278,141)	(240,776)	15.5
Other expenses	(118,901)	(755,039)	(84.3)
Profit before tax	1,519,046	5,019,866	(69.7)
Tax expense	(264,686)	(861,000)	(69.3)
Net profit for the year	1,254,360	4,158,866	(69.8)
Other comprehensive income			
Currency translation differences arising from consolidation	1,943	(21,941)	(108.9)
Total comprehensive income for the year	1,256,303	4,136,925	(69.6)
Profit attributable to:			
Equity holders of the Company	1,254,360	4,344,383	(71.1)
Non-controlling interests	-	(185,517)	N.M.
	1,254,360	**4,158,866**	**(69.8)**
Total comprehensive income attributable to:			
Equity holders of the Company	1,256,303	4,318,278	(70.9)
Non-controlling interests	-	(181,353)	N.M.
	1,256,303	**4,136,925**	**(69.6)**

N.M. = Not Meaningful

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

	Group		
	Unaudited	Audited	% Change Increase/ (Decrease)
	FY2011 $	FY2010 $	
Allowance for doubtful receivables	120,082	628,231	(80.9)
Write-back of allowance for doubtful receivables recovered	(130,535)	-	N.M.
Bad debts written off	2,875	1,864	54.2
Depreciation	351,649	372,414	(5.6)
Gain on disposal of investment property	(34,023)	-	N.M.
Loss/(gain) on disposal of property, plant and equipment	635	(32,659)	(101.9)
Impairment loss on goodwill on consolidation	-	87,397	N.M.
Interest expense	278,141	240,776	15.5
Interest income	(5,447)	(85,398)	(93.6)
Inventories written down	79,542	97,563	(18.5)
Gain on foreign exchange difference	(48,283)	(110,497)	(56.3)
Other income	(175,138)	(54,920)	218.9
Over provision of tax expense in respect of prior years	(182,225)	-	N.M.
Property, plant and equipment written off	1,807	-	N.M.
Waiver of debt from a related party	-	(388,197)	N.M.
Expenses incurred in relation to initial public offerings (“IPO”) taken to profit or loss	1,011,245	-	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.

	Group		Company	
	Unaudited	Audited	Unaudited	Note (1)
As at 31 December	2011	2010	2011	2010
	$	$	$	$
Non-current assets				
Property, plant and equipment	689,699	855,456	-	-
Investment in subsidiaries	-	-	1,500,005	-
Long-term prepayment	319,480	196,008	-	-
	1,009,179	1,051,464	1,500,005	-

As at 31 December	Group Unaudited 2011 $	Group Audited 2010 $	Company Unaudited 2011 $	Company Note (1) 2010 $
Current assets				
Inventories	9,990,197	7,303,222	-	-
Investment property under construction	-	316,668	-	-
Project work-in-progress	929,729	643,769	-	-
Trade and other receivables	8,563,199	6,975,974	1,609,139	-
Cash and bank balances	6,400,619	5,034,706	3,757,531	-
	25,883,744	20,274,339	5,366,670	-
Total assets	26,892,923	21,325,803	6,866,675	-
Non-current liabilities				
Bank borrowings	1,069,355	2,299,026	-	-
Finance lease liabilities	226,483	314,013	-	-
Deferred tax liability	43,336	37,000	-	-
	1,339,174	2,650,039	-	-
Current liabilities				
Project work-in-progress	514,408	223,558	-	-
Bank borrowings	1,283,226	1,233,518	-	-
Trade and other payables	5,725,085	4,962,139	238,300	-
Bills payable to banks	3,362,801	1,722,022	-	-
Finance lease liabilities	87,253	101,969	-	-
Amounts due to directors	1,020,000	2,456,964	-	-
Tax payable	440,415	842,592	-	-
	12,433,188	11,542,762	238,300	-
Total liabilities	13,772,362	14,192,801	238,300	-
Net assets	**13,120,561**	**7,133,002**	**6,628,375**	**-**
Share capital and reserves				
Share capital [(1)]	6,231,259	1,500,003	6,231,259	-
Accumulated profits	6,869,587	5,615,227	397,116	-
Currency translation reserve	19,715	17,772	-	-
Equity attributable to equity holders of the Company	13,120,561	7,133,002	6,628,375	-
Non-controlling interests	-	-	-	-
Total equity	**13,120,561**	**7,133,002**	**6,628,375**	**-**

Note (1): The share capital as reflected in the Statement of Financial Position as at 31 December 2010 represents the pre-Placement issued and paid-up share capital. No comparative figure at company's level as the Company was only incorporated on 25 March 2011. The Company was incorporated with an issued and paid-up share capital of $2 and subsequently on 6 June 2011, the Company issued and paid-up a further share capital of $8.

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 31 December 2011		Audited As at 31 December 2010	
$	$	$	$
Secured	**Unsecured**	**Secured**	**Unsecured**
4,733,280	-	3,057,509	-

Amount repayable after one year

Unaudited As at 31 December 2011		Audited As at 31 December 2010	
$	$	$	$
Secured	**Unsecured**	**Secured**	**Unsecured**
1,295,838	-	2,613,039	-

Details of any collateral

The above borrowings (including finance leases) are secured by:

Term loans

As at 31 December 2011, the term loans are secured by corporate guarantees from the Company. As at 31 December 2010, the term loans were secured by personal guarantees from the Company's Directors, namely Lim Wee Li and Lim Han Li, and a former director of our subsidiary, Lim Geok Khoon.

Bills payable to banks

As at 31 December 2011, bills payable to banks are secured by corporate guarantees from the Company. As at 31 December 2010, bills payable to banks were secured by personal guarantees from the Company's Directors, namely Lim Wee Li and Lim Han Li, and a former director of our subsidiary, Lim Geok Khoon.

Finance lease liabilities

The finance lease liabilities are secured on the property, plant and equipment purchased under the finance leases. As at 31 December 2011, the finance lease liabilities amounting to $211,308 (2010: $247,024) was guaranteed by the Company's Director, namely Lim Wee Li.

Note:
The above borrowings do not include advances from the Company's Directors, Lim Wee Li and Lim Han Li, to fund the Group's working capital needs of $1.0 million as at 31 December 2011 and $2.5 million as at 31 December 2010. These advances are unsecured and non-interest bearing. Such amounts will be settled by six instalments, payable quarterly in arrears from September 2011.

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.

	Group	
	Unaudited FY2011	**Audited FY2010**
	$	**$**
Cash flows from operating activities		
Profit before tax	1,519,046	5,019,866
Adjustments for:		-
Depreciation of property, plant and equipment	351,649	372,414
Loss/(gain) on disposal of property, plant and equipment	635	(32,659)
Gain on disposal of investment property	(34,023)	-
Property, plant and equipment written off	1,807	-
Impairment loss on goodwill on consolidation	-	87,397
Interest income	(5,447)	(85,398)
Interest expense	278,141	240,776
Operating profit before working capital changes	2,111,808	5,602,396
Inventories	(2,686,975)	1,697,889
Project work-in-progress	4,890	1,624,887
Receivables	(1,710,697)	2,166,909
Payables	2,403,725	(3,531,968)
Translation differences	10,119	2,793
Cash generated from operations	132,870	7,562,906
Interest paid	(278,141)	(240,776)
Interest received	5,447	85,398
Tax paid	(658,752)	(75,754)
Net cash (used in)/from operating activities	(798,576)	7,331,774
Cash flows from investing activities		
Purchases of property, plant and equipment **(Note A)**	(191,143)	(250,349)
Purchases of investment property under construction	(1,266,673)	-
Proceeds from disposal of property, plant and equipment	105	201,642
Proceeds from disposal of investment property	1,617,364	-
Net cash from/(used in) investing activities	159,653	(48,707)
Cash flows from financing activities		
Proceeds from issuance of shares	4,731,256	-
Amounts due to directors	(1,436,964)	-
Dividend paid to shareholders	-	(4,600,000)
Drawdown of term loan	-	2,000,000
Repayment of bank borrowings	(1,179,963)	(1,133,474)
Repayment of finance leases	(102,246)	(120,038)
Net cash from/(used in) financing activities	2,012,083	(3,853,512)

Consolidated Statement of Cash Flows (cont'd)

	Group	
	Unaudited FY2011 $	**Audited FY2010 $**
Net increase in cash and cash equivalents	1,373,160	3,429,555
Cash and cash equivalents at beginning of financial year	5,034,706	1,600,627
Effect of exchange rate changes on cash and bank balances	(7,247)	4,524
Cash and cash equivalents at end of financial year	**6,400,619**	**5,034,706**

Cash and cash equivalents comprise cash and bank balances.

Note A: During FY2011, the Group acquired property, plant and equipment with an aggregate cost of $191,143 (FY2010: $500,349) of which $nil (FY2010: $250,000) was financed by means of finance lease. In FY2011, cash payment of $191,143 (FY2010: $250,349) was made to purchase these property, plant and equipment.

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.

Group	**Share capital**	**Accumulated profits**	**Currency translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
At 1 January 2011	1,500,003	5,615,227	17,772	7,133,002	-	7,133,002
Issuance of shares	10	-	-	10	-	10
Issuance of new shares pursuant to the placement of shares	5,100,000	-	-	5,100,000	-	5,100,000
Share issue expenses	(368,754)	-	-	(368,754)	-	(368,754)
Profit for the year		1,254,360	-	1,254,360	-	1,254,360
Other comprehensive income for the year, net of tax						
Currency translation differences arising from consolidation	-	-	1,943	1,943	-	1,943
Total comprehensive income for the year	-	1,254,360	1,943	1,256,303	-	1,256,303
At 31 December 2011	**6,231,259**	**6,869,587**	**19,715**	**13,120,561**	**-**	**13,120,561**
At 1 January 2010	1,500,003	5,870,844	13,610	7,384,457	114,873	7,499,330
Profit for the year		4,344,383	-	4,344,383	(185,517)	4,158,866
Other comprehensive income for the year, net of tax						
Currency translation differences arising from consolidation	-	-	(26,105)	(26,105)	4,164	(21,941)
Total comprehensive income for the year	-	4,344,383	(26,105)	4,318,278	(181,353)	4,136,925
Acquisition of non-controlling interests	-	-	30,267	30,267	66,480	96,747
Dividend	-	(4,600,000)	-	(4,600,000)	-	(4,600,000)
At 31 December 2010	**1,500,003**	**5,615,227**	**17,772**	**7,133,002**	**-**	**7,133,002**

1(d)(i)

Statements of Changes in Equity

Company	**Share capital $**	**Accumulated profits $**	**Total equity $**
At 1 January 2011	-	-	-
Issuance of shares at date of incorporation	2	-	2
Issuance of shares during the year	8	-	8
Issuance of shares for acquisition of subsidiaries	1,500,003	-	1,500,003
Issue of new shares pursuant to the placement of shares	5,100,000	-	5,100,000
Share issue expenses	(368,754)	-	(368,754)
Net profit and total comprehensive income for the year	-	397,116	397,116
At 31 December 2011	**6,231,259**	**397,116**	**6,628,375**

Note:
The Company was incorporated on 25 March 2011. As such, no comparative statement of changes in equity for the Company for the corresponding period of the immediately preceding financial year was presented.

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

	Number of shares	**Resultant issued and paid-up share capital**
		$
Issued and paid-up shares		
Issue of shares at incorporation	2	2
Issue of shares on 6 June 2011	8	10
Issue of shares pursuant Restructuring Exercise	1,500,003	1,500,013
Sub-division of shares[1]	83,000,000	1,500,013
Pre-Placement issued and paid-up capital	83,000,000	1,500,013
Issue of new shares pursuant to the placement of shares	17,000,000	5,100,000[2]
Post-Placement issue and paid-up share capital	**100,000,000**	**6,231,259[3]**

Notes:

(1) The sub-division of shares pursuant to the Restructuring Exercise took place on 1 July 2011.

(2) Gross proceeds from the issue of new shares pursuant to the placement of shares.

(3) This amount is derived at after taking into account capitalisation of $368,754 being a portion of the expenses incurred in relation to the Placement. The amount before the capitalisation is $6,600,013.

Please refer to the "Restructuring Exercise" and "Share Capital" sections of the Company's Offer Document dated 15 July 2011 ("Offer Document") for further details.

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.

	As at 31 December 2011	**As at 31 December 2010**
Total number of shares excluding treasury shares	100,000,000	83,000,000[1]

(1) The Company's issued and paid-up ordinary share capital (excluding treasury shares) assuming the sub-division of shares pursuant to the Restructuring Exercise has taken place as at 31 December 2010.

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

Not applicable.

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 recent audited financial statements for FY2010.

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 2011, where applicable. The adoption of these standards from the effective date is not expected to result in material adjustments to the financial position, results of operations or cash flows of the Group for FY2011.

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

	Group	
	FY2011	**FY2010**
Basic and fully diluted (cents)	1.3	5.2

Basic and fully diluted earnings per share for FY2011 is calculated by dividing the Group's profit attributable to equity holders of the Company by the aggregate number of ordinary shares of 100,000,000 (FY2010: pre-Placement of 83,000,000) in issue during FY2011.

The Group's consolidated financial statements for FY2011 and FY2010 have been prepared using the "pooling of interest" method.

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

	Group		Company	
As at 31 December	**2011**	**2010**	**2011**	**2010**
Net asset value per ordinary share (cents)	13.1	8.6	6.6	Not Applicable

Net asset value per ordinary share as at 31 December 2011 is calculated based on the aggregate number of ordinary shares of 100,000,000. Net asset value per ordinary share as at 31 December 2010 is calculated based on the pre-Placement ordinary shares of 83,000,000.

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.

Review of Consolidated Statement of Comprehensive Income

Revenue

The Group's revenue decreased by 29.3% or $9.1 million from $31.2 million in FY2010 to $22.1 million in FY2011, mainly due to a lower revenue contribution from the Residential Projects segment by 48.4% or $11.5 million, and partly offset by a growth in revenue from the Distribution and Retail segment by 31.9% or $2.4 million.

Residential Projects

The Residential Projects segment accounted for 55.5% or $12.3 million of the Group's revenue in FY2011 of which $9.9 million was attributable to revenue recognised based on percentage of completion from 13 new projects, including *"The Ritz-Carlton Residences, Singapore, Cairnhill"*, *"Hamilton Scotts"*, *"Volari"*, *"Jardin"* and *"The Greenwood"* while $2.4 million was derived from 12 ongoing projects from FY2010.

Comparatively, revenue for FY2010 of $23.8 million was mainly from five major projects, namely *"The Orchard Residences"*, *"Amber Residences"*, *"Grange Infinite"*, *"The Orange Grove" and "Sui Generis"* which accounted for an aggregate of $19.1 million or 80.5% of the revenue generated from the Residential Projects segment in FY2010.

Distribution and Retail

The Distribution and Retail segment accounted for 44.5% or $9.8 million of the Group's revenue in FY2011. Of the 31.9% or $2.4 million increase in Distribution and Retail revenue, $1.9 million was contributed by the Group's customers in Singapore while its customers in Malaysia contributed another $0.5 million increase in this segment. The higher revenue was mainly due to the increased spending power of homeowners which resulted in increased demand for the products carried by the Group.

Gross Profit

In line with the lower revenue for FY2011, gross profit decreased by 14.1% or $1.8 million, from $13.0 million in FY2010 to $11.2 million in FY2011. Despite the decrease in gross profit, the overall gross profit margin increased by a 8.9 percentage point from 41.7% in FY2010 to 50.6% in FY2011. This was due mainly to a higher margin contribution from both the Distribution and Retail segment and Residential Projects segment, as well as a result of lower costs of purchases denominated in Euro ("EUR") and United States dollar ("US$") as compared with FY2010.

Other Income

Other income decreased by 61.8% or $0.4 million, from $0.6 million in FY2010 to $0.2 million in FY2011 due mainly to a waiver of non-trade debts from a related party, namely Kim Hup Lee & Co. (Private) Limited, in FY2010 which amounted to $0.4 million.

Selling and Distribution Expenses

Selling and distribution expenses increased by 9.9% or $0.5 million, from $5.3 million recorded in FY2010 to $5.8 million in FY2011. This was mainly due to an increase in staff related costs for the sales, marketing and operations staff by $0.4 million, higher advertising costs by $0.1 million and higher entertainment expenses by $0.1 million, partly offset by a decrease in warehouse storage charges by $0.1 million in FY2011 due to lower inventories held at third party warehouse.

General and Administrative Expenses

General and administrative expenses increased by 62.1% or $1.4 million, from $2.2 million in FY2010 to $3.6 million in FY2011. This was mainly due to an increase in staff related costs by $0.1 million as headcount increased, an increase in legal and professional fees by $0.2 million, an increase in Directors' remunerations and fees by $0.1 million and expenses incurred in relation to the initial public offering of the Company ("IPO Expenses") which amounted to $1.0 million.

Finance Costs

Finance costs increased by 15.5% or approximately $37,000, from $0.2 million in FY2010 to $0.3 million in FY2011 due mainly to an increase in bank charges and bank interest as a result of the increase utilisation of working capital facilities.

Other Expenses

Other expenses decreased by 84.3% or $0.6 million, from $0.7 million in FY2010 to $0.1 million in FY2011, mainly due to a decrease in allowance for doubtful debts by $0.5 million and write-back of doubtful debts of $0.1 million provided for in previous years which were recovered from customers during FY2011 as the Group tightened its credit policies.

Profit Before Tax

Profit before tax decreased by 69.7% or $3.5 million, from $5.0 million in FY2010 to $1.5 million in FY2011 due mainly to lower gross profit and other income, higher selling and distribution expenses, general and administrative expenses and finance costs, partly offset by a decrease in other expenses.

For illustrative purposes, the Group's profit before tax excluding the IPO Expenses of $1.0 million would have been $2.5 million.

Tax Expense

Tax expense decreased by 69.3% or $0.6 million, from $0.9 million in FY2010 to $0.3 million in FY2011 as a result of lower profit before tax in FY2011 as compared to FY2010 and the over provision of tax from prior years of $0.2 million. The Group's effective tax rate remained consistent at about 17% for both financial years.

<u>Review of Statements of Financial Position of the Group</u>

Assets

The Group's total assets have increased by $5.6 million from $21.3 million as at 31 December 2010 to $26.9 million as at 31 December 2011. The increase in total assets was mainly due to:

a. An increase in long-term prepayment by $0.1 million due to additional payment of a leasehold property in Batam, Indonesia which is currently under construction for the purpose of holding events for customers and staff;

b. An increase in inventories by $2.7 million mainly due to increase its purchases towards the end of the year in view of residential projects such as *“Volari”, “Bishopgate Residences”, “Silversea”, “Vista Residences”, “Miro” and “The Sound”*, which will be due for delivery subsequent to year-end;
c. An increase in trade and other receivables by $1.6 million mainly due to an increase in trade receivables as the revenue that was certified from Residential Projects segment was higher towards the last quarter of FY2011 as compared to FY2010;
d. An increase in project work-in-progress by $0.3 million; and
e. An increase in cash and bank balances by $1.4 million.

The above is partly offset by a decrease in investment property of $0.3 million as the property was sold during FY2011 and a decrease in the carrying value of property, plant and equipment by $0.2 million.

Liabilities
The Group’s total liabilities have decreased by $0.4 million from $14.2 million as at 31 December 2010 to $13.8 million as at 31 December 2011. The decrease in total liabilities was due mainly to:

a. A decrease in the amounts due to Directors of $1.4 million as the amounts were repaid;
b. A decrease in bank borrowings by $1.2 million due to repayment of bank borrowings;
c. A decrease in tax payable by $0.4 million due to lower profits;
d. A decrease in finance lease liabilities by $0.1 million due to repayment of finance leases.

The above is partly offset by:
e. An increase in bills payable to banks of $1.6 million was due to higher financing required from the banks as purchases towards the year end increased;
f. An increase in trade and other payables by $0.8 million due to higher purchases towards the end of the year and higher accrued operating expenses; and
g. An increase in project work-in-progress of $0.3 million.

Equity attributable to equity holders of the Company
Equity attributable to equity holders of the Company increased by $6.0 million from $7.1 million as at 31 December 2010 to $13.1 million as at 31 December 2011. The Group’s net asset value per share stood at 13.1 cents as at 31 December 2011 as compared to 8.6 cents as at 31 December 2010.

<u>Review of Consolidated Statement of Cash Flows</u>

In FY2011, the Group’s operating profit before working capital changes was $2.1 million. Net cash used in working capital amounted to $2.0 million. This was due mainly to an increase in inventories by $2.7 million and receivables by $1.7 million, partly offset by an increase in payables by $2.4 million. During FY2011, the Group paid income tax of $0.6 million and interest of $0.3 million. The net cash used in operating activities amounted to $0.8 million.

Net cash from investing activities of $0.2 million was due mainly to proceeds from the disposal of an investment property of $1.6 million, partly offset by purchase of property, plant and equipment and renovation costs totalled $0.2 million and purchase of an investment property under construction of $1.2 million.

Net cash from financing activities of $2.0 million was due mainly to proceeds amounting to $4.7 million from the issuance of shares arising from the initial public offering of the Company, partly offset by the repayment of amounts due to Directors of $1.4 million and the repayment of bank borrowings and finance leases of $1.2 million and $0.1 million respectively.

As a result of the above, there was a net increase of $1.4 million in our cash and cash equivalents, from $5.0 million as at 1 January 2011 to $6.4 million as at 31 December 2011.

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

No forecast or prospect statement has been previously disclosed 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.

The factors that may significantly impact the Group's financial performance in the next 12 months are as follows:

a) The state of the Singapore and Malaysia economies;
b) The state of the residential property markets, especially the high end segment in Singapore and Malaysia; and
c) the state of the global economy, in particular, the fluctuations in exchange rates between Singapore dollar ("S$") and Swiss Franc, S$ and EUR and S$ and US$.

Given the present economic outlook, the business conditions in Singapore and Malaysia will remain challenging and competitive in the next 12 months.

The Group will continue to focus on its core business, which is the sale of imported kitchen systems, kitchen appliances, wardrobe systems, household furniture and accessories for residential projects and for distribution and retail. The Group will also continue to expand its product range and offerings with the introduction of new products and brands, so as to create an additional revenue stream whilst leveraging on its existing sales and distribution networks.

In addition, the Group will continue to explore opportunities that will boost its presence in the market and with a view to enhance shareholders' value. The Group has also started to expand its geographical coverage and has identified Hong Kong as an important potential market. During the year, the Group incorporated two wholly owned subsidiaries, namely Kitchen Culture (Hong Kong) Limited and Kitchen Culture (China) Limited in Hong Kong as part of its initial foray into the Hong Kong market.

The Group's order book as at 31 January 2012 was approximately $48.0 million.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

A final dividend has been recommended in respect of the current financial year ended 31 December 2011.

(b)(i) Amount per share/rate %

Name of Dividend	Final (proposed)
Dividend type Dividend amount per ordinary share (cents)	Cash 0.26

The Directors are pleased to propose a final tax exempt (one-tier) dividend of 0.26 cents per ordinary share in respect of FY2011 for approval by shareholders at the forthcoming Annual General Meeting ("AGM"). The proposed final dividend amounted to $260,000 comprises total payout at 20.7% of the Group's profit attributable to equity holders of the Company in FY2011.

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

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).

The proposed final divided is tax exempt (one-tier).

(d) The date the dividend is payable

To be determined and announced at a later date, subject to shareholders' approval being obtained at the AGM to be held on 26 April 2012.

(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.

To be announced at a later date.

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

Not applicable.

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).

Save for the on-going interested person transactions disclosed in the "Interested Person Transactions" section of the Offer Document, and those interested person transactions below $100,000 entered into by the Group subsequent to the Company's listing on the Catalist, there were no other interested person transactions during the financial period under review.

14. Use of Proceeds

The Board of Directors ("Board") of the Company refers to the Offer Document in relation to the initial public offering of the Company's shares on the Catalist.

The Board wishes to provide an update on the use of the proceeds raised by the Company from the issue of the New Shares. In accordance with the "Use of Proceeds from the Placement and Expenses Incurred" section of the Offer Document, the Company wishes to announce that after deducting listing expenses of approximately $1.4 million, the Company has not utilised its proceeds. The balance net proceeds available remained at $3.7 million.

The Company will make periodic announcements on the use of the net proceeds from the Placement as and when the funds are materially disbursed.

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		Total	
	FY2011	**FY2010**	**FY2011**	**FY2010**	**FY2011**	**FY2010**
	$	**$**	**$**	**$**	**$**	**$**
Segment revenue	12,265,075	23,774,929	9,821,044	7,445,746	22,086,119	31,220,675
Segment profits	1,696,416	5,191,257	2,130,184	79,666	3,826,600	5,270,923
Segment assets					26,892,923	21,325,803
Unallocated assets					-	-
Total assets					26,892,923	21,325,803
Segment liabilities					10,942,366	9,780,665
Unallocated liabilities					2,829,996	4,412,136
Total liabilities					13,772,362	14,192,801
Other segments items						
Capital expenditure of						
-property, plant and equipment					191,143	500,349
-investment property under construction					-	316,668
Depreciation of property, plant and equipment					351,649	372,414

A reconciliation of segment profits to the profit before tax is as follows:

	Group	
	FY2011	**FY2010**
	$	**$**
Segment profits	3,826,600	5,270,923
Interest income	5,447	85,398
Foreign exchange gain	48,283	110,497
Impairment of goodwill on consolidation	-	(87,397)
Unallocated corporate expenses	(2,361,284)	(359,555)
Profit before tax	**1,519,046**	**5,019,866**

Geographical information

Revenue based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers	
	FY2011	**FY2010**
	$	**$**
Singapore	19,659,965	28,950,573
Malaysia	2,167,546	1,745,832
Seychelles	147,829	306,000
Indonesia	90,175	193,661
Thailand	20,604	24,609
	22,086,119	**31,220,675**

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:

	Group		% increase/ (decrease)
	FY2011	**FY2010**	
(a) Sales reported for first half year	9,683,970	12,822,383	(24.5)
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	885,475	669,546	32.3
(c) Sales reported for second half year	12,402,149	18,398,292	(32.6)
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	368,885	3,674,837	(90.0)

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:

	Company	
	FY2011[(1)]	**FY2010[(2)]**
(a) Ordinary	-	-
(b) Preference	-	-
(c) Total	-	-

Notes:

(1) Please refer to Note 11(b)(i) above for details. The proposed final dividend in respect of FY2011 is subject to shareholders' approval being obtained at the AGM to be held on 26 April 2012.

(2) The Company was only incorporated on 25 March 2011.

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.

Save for Directors, namely Lim Wee Li and Lim Han Li, who are brothers as disclosed in the "Directors, Executive Officers and Staff" section of the Offer Document, 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).

On behalf of the Board of Directors

Lim Wee Li
Executive Chairman and CEO
Date: 23 February 2012

Lim Han Li
Executive Director