**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 YEAR ENDED 31 DECEMBER ("FY") 2013

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. 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 for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | |
|---|---|---|---|
| | **Unaudited FY2013 $** | **Audited FY2012 $** | **% Change Increase/(Decrease)** |
| **Revenue** | 32,951,703 | 21,660,282 | 52.1 |
| Cost of sales | (18,623,514) | (11,072,446) | 68.2 |
| Gross profit | 14,328,189 | 10,587,836 | 35.3 |
| | | | |
| Other income | 111,389 | 153,075 | (27.2) |
| Selling and distribution expenses | (7,808,096) | (7,158,700) | 9.1 |
| General and administrative expenses | (3,063,387) | (3,065,899) | (0.1) |
| Finance costs | (293,490) | (262,990) | 11.6 |
| Other expenses | (1,339,124) | (187,369) | 614.7 |
| Share of results of joint venture | (196,136) | (418,297) | (53.1) |
| **Profit/(loss) before tax** | 1,739,345 | (352,344) | N.M. |
| Tax expense | (507,307) | (16,397) | 2,993.9 |
| **Net profit/(loss) for the year** | 1,232,038 | (368,741) | N.M. |
| | | | |
| **Other comprehensive income for the year, net of tax** | | | |
| Currency translation differences arising from consolidation | 14,160 | 6,748 | 109.8 |
| **Total comprehensive income/(loss) for the year** | 1,246,198 | (361,993) | N.M. |
| | | | |
| **Profit/(loss) attributable to:** | | | |
| Equity holders of the Company | 1,306,969 | (368,741) | N.M. |
| Non-controlling interest | (74,931) | - | N.M. |
| **Net profit/(loss) for the year** | 1,232,038 | (368,741) | N.M. |
| | | | |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Equity holders of the Company | 1,321,129 | (361,993) | N.M. |
| Non-controlling interest | (74,931) | - | N.M. |
| **Total comprehensive income/(loss) for the year** | 1,246,198 | (361,993) | N.M. |

N.M. = Not Meaningful

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

| | Group | | |
|---|---|---|---|
| | **Unaudited FY2013 $** | **Audited FY2012 $** | **% Change Increase/(Decrease)** |
| Allowance for doubtful receivables | 460,246 | 148,694 | 209.5 |
| Write-back of allowance for doubtful receivables | (21,674) | (200,956) | (89.2) |
| Bad debts written off | - | 545 | (100.0) |
| Depreciation | 399,633 | 337,908 | 18.3 |
| Gain on disposal of property, plant and equipment | - | (65,500) | (100.0) |
| Goodwill arising on consolidation written off | 6,389 | - | N.M. |
| Goodwill on joint venture written off | - | 28,554 | (100.0) |
| Interest expense | 293,490 | 262,990 | 11.6 |
| Inventories: | | | |
| - Write-down | 411,191 | 29,408 | 1,298.2 |
| - Reversal of write-down | (8,997) | (51,693) | (82.6) |
| Loss on foreign exchange difference | 397,399 | 119,108 | 233.6 |
| Interest income | (1,558) | (7,707) | (79.8) |
| Other income | (109,831) | (79,868) | 37.5 |
| Under/(over) provision of tax expense in respect of prior years | 307 | (21,363) | N.M. |
| Property, plant and equipment written off | 4,737 | - | 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 FY2013 | Audited FY2012 | Unaudited FY2013 | Audited FY2012 |
| | $ | $ | $ | $ |
| **Non-current assets** | | | | |
| Property, plant and equipment | 1,555,967 | 1,458,298 | - | - |
| Subsidiaries | - | - | 1,500,005 | 1,500,005 |
| Interest in joint venture | - | 191,828 | - | - |
| | 1,555,967 | 1,650,126 | 1,500,005 | 1,500,005 |
| **Current assets** | | | | |
| Inventories | 12,363,924 | 11,995,120 | - | - |
| Trade and other receivables | 13,133,380 | 8,763,785 | 5,366,109 | 2,492,086 |
| Cash and bank balances | 3,919,654 | 3,522,815 | 28,154 | 2,234,961 |
| | 29,416,958 | 24,281,720 | 5,394,263 | 4,727,047 |
| **Total assets** | 30,972,925 | 25,931,846 | 6,894,268 | 6,227,052 |
| **Non-current liabilities** | | | | |
| Finance lease liabilities | 119,874 | 170,090 | - | - |
| Deferred tax liabilities | 58,000 | 37,000 | - | - |
| | 177,874 | 207,090 | - | - |
| **Current liabilities** | | | | |
| Bank borrowings | 3,170,000 | 4,319,353 | - | - |
| Finance lease liabilities | 50,216 | 56,266 | - | - |
| Trade and other payables | 8,209,186 | 7,130,707 | 246,426 | 293,751 |
| Bills payable to banks | 4,285,735 | 1,420,862 | - | - |
| Amounts due to directors | 846,820 | 255,000 | 360,860 | - |
| Tax payable | 487,925 | 44,000 | - | - |
| | 17,049,882 | 13,226,188 | 607,286 | 293,751 |
| **Total liabilities** | 17,227,756 | 13,433,278 | 607,286 | 293,751 |
| **Net assets** | 13,745,169 | 12,498,568 | 6,286,982 | 5,933,301 |
| **Share capital and reserves** | | | | |
| Share capital | 6,231,259 | 6,231,259 | 6,231,259 | 6,231,259 |
| Accumulated profits/(losses) | 7,547,815 | 6,240,846 | 55,723 | (297,958) |
| Currency translation reserve | 40,623 | 26,463 | - | - |
| **Equity attributable to equity holders of the Company** | 13,819,697 | 12,498,568 | 6,286,982 | 5,933,301 |
| Non-controlling interest | (74,528) | - | - | - |
| **Total equity** | 13,745,169 | 12,498,568 | 6,286,982 | 5,933,301 |

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 2013 | | Audited As at 31 December 2012 | |
|---|---|---|---|
| $ | $ | $ | $ |
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| 7,505,951 | - | 5,796,481 | - |

**Amount repayable after one year**

| Unaudited As at 31 December 2013 | | Audited As at 31 December 2012 | |
|---|---|---|---|
| $ | $ | $ | $ |
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| 119,874 | - | 170,090 | - |

Details of collateral are as follows:

**Term loans**
The term loans of $Nil (FY2012: $1,069,353) were secured by corporate guarantees from the Company.

**Revolving short-term loans**
Revolving short-term loans of $3,170,000 (FY2012:$3,250,000) are secured by corporate guarantees from the Company.

**Bills payable to banks**
The bills payable to banks of $4,285,735 (FY2012:$1,420,862) are secured by corporate guarantees from the Company.

**Finance lease liabilities**
The finance lease liabilities of $170,090 (FY2012:$226,356) are secured on the property, plant and equipment purchased under the finance leases. As at 31 December 2013, finance lease liabilities amounting to $139,876 (FY2012:$175,592) was guaranteed by the Company's Director, namely 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.

| | Group | |
|---|---|---|
| | **Unaudited FY2013** | **Audited FY2012** |
| | **$** | **$** |
| **Cash flows from operating activities** | | |
| Profit/(loss) before tax | 1,739,345 | (352,344) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 399,633 | 337,908 |
| Gain on disposal of property, plant and equipment | - | (65,500) |
| Goodwill arising on consolidation written off | 6,389 | - |
| Goodwill on joint venture written off | - | 28,554 |
| Property, plant and equipment written off | 4,737 | - |
| Interest expense | 293,490 | 262,990 |
| Interest income | (1,558) | (7,707) |
| Share of results of joint venture | 196,136 | 418,297 |
| Operating profit before working capital changes | 2,638,172 | 622,198 |
| Inventories | (403,681) | (2,025,185) |
| Receivables | (4,389,218) | 723,389 |
| Payables | 4,009,542 | (1,015,319) |
| Translation differences | 5,788 | 19,655 |
| Cash generated from/(used in) operations | 1,860,603 | (1,675,262) |
| Interest paid | (293,490) | (262,990) |
| Interest received | 1,558 | 7,707 |
| Tax paid | (42,382) | (418,048) |
| **Net cash from/(used in) operating activities** | 1,526,289 | (2,348,593) |
| | | |
| **Cash flows from investing activities** | | |
| Net cash inflow from acquisition of a subsidiary | 970 | - |
| Investment in joint venture | - | (646,600) |
| Purchases of property, plant and equipment | (509,825) | (790,103) |
| Proceeds from disposal of property, plant and equipment | - | 65,500 |
| **Net cash used in investing activities** | (508,855) | (1,371,203) |
| | | |
| **Cash flows from financing activities** | | |
| Advances from a director | 591,820 | - |
| Drawdown of bank borrowings | 1,420,000 | 3,500,000 |
| Dividend paid to shareholders | - | (260,000) |
| Proceeds from issuance of new shares by a subsidiary | 1,980 | - |
| Repayment of advances from directors | - | (765,000) |
| Repayment of bank borrowings | (2,569,353) | (1,533,228) |
| Repayment of finance leases | (56,070) | (87,064) |
| **Net cash (used in)/from financing activities** | (611,623) | 854,708 |

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

| | Group | |
|---|---|---|
| | **Unaudited FY2013 $** | **Audited FY2012 $** |
| **Net increase/(decrease) in cash and cash equivalents** | 405,811 | (2,865,088) |
| Cash and cash equivalents at the beginning of the financial year | 3,522,815 | 6,400,619 |
| Effect of exchange rate changes on cash and cash equivalents | (8,972) | (12,716) |
| **Cash and cash equivalents at the end of the financial year** | 3,919,654 | 3,522,815 |

Cash and cash equivalents comprise cash and bank balances.

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.

**Equity attributable to equity holders of the Company**

| **Group** | **Share capital** | **Accumulated profits** | **Currency translation reserve** | **Total** | **Non-Controlling interest** | **Total equity** |
|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **As at 1 January 2013** | 6,231,259 | 6,240,846 | 26,463 | 12,498,568 | - | 12,498,568 |
| Profit for the year | - | 1,306,969 | - | 1,306,969 | (74,931) | 1,232,038 |
| *Other comprehensive income for the year, net of tax* | | | | | | |
| - Currency translation differences arising from consolidation | - | - | 14,160 | 14,160 | - | 14,160 |
| Total comprehensive income/(loss) for the year | - | 1,306,969 | 14,160 | 1,321,129 | (74,931) | 1,246,198 |
| Issuance of shares in a subsidiary | - | - | - | - | 1,980 | 1,980 |
| Non-controlling interest arising from acquisition of a subsidiary | - | - | - | - | (1,577) | (1,577) |
| **As at 31 December 2013** | 6,231,259 | 7,547,815 | 40,623 | 13,819,697 | (74,528) | 13,745,169 |
| | | | | | | |
| **As at 1 January 2012** | 6,231,259 | 6,869,587 | 19,715 | 13,120,561 | - | 13,120,561 |
| Loss for the year | - | (368,741) | - | (368,741) | - | (368,741) |
| *Other comprehensive income for the year, net of tax* | | | | | | |
| - Currency translation differences arising from consolidation | - | - | 6,748 | 6,748 | - | 6,748 |
| Total comprehensive (loss)/income for the year | - | (368,741) | 6,748 | (361,993) | - | (361,993) |
| Dividend | - | (260,000) | - | (260,000) | - | (260,000) |
| **As at 31 December 2012** | 6,231,259 | 6,240,846 | 26,463 | 12,498,568 | - | 12,498,568 |

1(d)(i)

**Statements of Changes in Equity**

| **Company** | **Share capital** | **Accumulated profits/(losses)** | **Total equity** |
|---|---|---|---|
| | **$** | **$** | **$** |
| **As at 1 January 2013** | 6,231,259 | (297,958) | 5,933,301 |
| Net loss and total comprehensive loss for the year | - | 353,681 | 353,681 |
| **As at 31 December 2013** | 6,231,259 | 55,723 | 6,286,982 |
| | | | |
| **As at 1 January 2012** | 6,231,259 | 397,116 | 6,628,375 |
| Net loss and total comprehensive loss for the year | - | (435,074) | (435,074) |
| Dividend | - | (260,000) | (260,000) |
| **As at 31 December 2012** | 6,231,259 | (297,958) | 5,933,301 |

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.

| | **As at 31 December 2013** | | **As at 31 December 2012** | |
|---|---|---|---|---|
| | **No. of shares** | **$** | **No. of shares** | **$** |
| **Issued and paid-up shares** | 100,000,000 | 6,231,259 | 100,000,000 | 6,231,259 |
| | | | | |

There was no change in the Company's share capital during FY2013. There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2012 and 31 December 2013.

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 2013** | **As at 31 December 2012** |
|---|---|---|
| Total number of shares excluding treasury shares | 100,000,000 | 100,000,000 |

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.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares for FY2013.

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 the financial year ended 31 December 2012 ("FY2012").

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 2013, 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 FY2013.

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** | |
|---|---|---|
| | **FY2013** | **FY2012** |
| Basic and fully diluted (cents) | 1.3 | (0.4) |

Basic and fully diluted earnings per share are calculated by dividing the Group's profit/(loss) attributable to equity holders of the Company for the year by the aggregate number of ordinary shares of 100,000,000.

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** | |
|---|---|---|---|---|
| | **FY2013** | **FY2012** | **FY2013** | **FY2012** |
| Net asset value per ordinary share (cents) | 13.8 | 12.5 | 6.3 | 5.9 |

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.

**Review of Consolidated Statement of Comprehensive Income**

***Revenue***
For FY2013, the Group registered revenue of $33.0 million, an increase of 52.1% or $11.3 million as compared to $21.7 million in FY2012. The increase was attributable to higher revenue contribution from the Residential Projects segment by 91.1% or $12.5 million, which was partly offset by a decrease in revenue contribution from the Distribution and Retail segment by 14.6% or $1.2 million.

Residential Projects
In FY2013, the Residential Projects segment accounted for 79.3% or $26.2 million of the Group's revenue, of which approximately $10.3 million was attributable to revenue recognised from 13 new

projects, while $15.9 million was derived from 26 ongoing projects from the previous financial years. Comparatively, Residential Projects revenue of $13.7 million in FY2012 was attributable to revenue of approximately $10.3 million recognised from 20 new projects, while $3.4 million was derived from 19 ongoing projects from the previous financial years.

Distribution and Retail
In FY2013, the Distribution and Retail segment accounted for 20.7% or $6.8 million of the Group's revenue. The decrease in Distribution and Retail revenue by 14.6% or $1.2 million was due mainly to a decrease of $0.4 million and $0.8 million recorded by the Group's operations in Singapore and Malaysia respectively, as a result of a slow-down in the retail and distribution business in these regions.

***Gross Profit***
In tandem with higher revenue recorded in FY2013, gross profit increased by 35.3% or $3.7 million, from $10.6 million in FY2012 to $14.3 million. Overall gross profit margin has, however, decreased by 5.4 percentage points from 48.9% in FY2012 to 43.5% in FY2013 due mainly to higher cost of sales incurred for certain residential projects.

***Other Income***
Other income decreased by 27.2% or approximately $42,000, from approximately $153,000 in FY2012 to $111,000 in FY2013. This was due mainly to the absence in FY2013 of a gain on disposal of a motor vehicle of $66,000 which was recorded in FY2012; a decrease in interest income by $6,000 and sponsorship income by $12,000 in FY2013 as compared with FY2012; and partly offset by an increase in government grant of $11,000, and an increase in other miscellaneous income including licensing income and marketing income, by $31,000.

***Selling and Distribution Expenses***
Selling and distribution expenses increased by 9.1% or $0.6 million, from $7.2 million recorded in FY2012 to $7.8 million in FY2013.

This was mainly attributable to:
a. An increase in staff related costs for the sales, marketing and operations staff by $0.3 million;
b. An amount of $0.1 million charged by a related party for management service fee for the premise of Eclat Office Club Pte Ltd ("EOC");
c. An increase in rental expenses by $0.4 million as the Group:
   (i) leased an additional retail showroom in Singapore starting from the third quarter of FY2012;
   (ii) leased a new corporate showroom in Singapore starting from the second quarter of FY2012; and
   (iii) incurred higher warehousing rental expenses in FY2013 for warehousing space in Singapore as compared with FY2012 due to an increase in rental rates and third party warehousing charges, partly offset by
   (iv) a decrease in rental expense at the Group's retail showroom in Palais Renaissance as the Group vacated the premise in June 2012.

The above increase in Selling and Distribution expenses was partially offset by:
d. A decrease in advertising expense by $0.1 million; and
e. A decrease in entertainment, travelling and upkeep of motor vehicles expenses by $0.1 million.

***General and administrative expenses***
General and administrative expenses did not change significantly, amounting to $3.1 million in each of FY2012 and FY2013. This was due mainly to an increase in depreciation expenses, which was offset by a decrease in legal and professional fees. Depreciation expenses increased in FY2013 as compared with FY2012 which was in line with the increase in property, plant and equipment as a result of renovations for "kitchen culture" showrooms in Singapore and Malaysia as well as the additions of furniture and fittings and office equipment.

***Finance Costs***
Finance costs increased by 11.6% or approximately $30,000, from approximately $263,000 in FY2012 to approximately $293,000 in FY2013, due mainly to an increase in bills payable to banks which were in line with the increase in purchases of inventories and bank interest incurred from revolving short term bank loans drawn down during the year.

***Other Expenses***
Other expenses increased by 614.7% or $1.1 million, from $0.2 million in FY2012 to $1.3 million in FY2013.

This was mainly attributable to:
a. An increase in allowance for doubtful receivables (after netting off write-back) which amounted to $0.5 million. This was mainly due to an increase in allowance for doubtful receivables in relation to the Group's advances to its Hong Kong joint venture, which were provided for as a result of the Hong Kong joint venture being in a capital deficiency position as at 31 December 2013;
b. An increase in write-down of inventories by $0.4 million for obsolete inventories; and
c. An increase in foreign exchange loss by $0.3 million due mainly to revaluation of monetary items at year-end exchange rates and a result of appreciation of Euro and United States dollar purchases against Singapore dollar during the year.

***Share of Results of Joint Venture***
This relates to the Group's 40% share of losses (restricted up to its investment in joint venture), from its Hong Kong joint venture which was newly started up in November 2012. The Group's share of losses decreased by 53.1% or approximately $0.2 million, from a loss of $0.4 million to a loss of $0.2 million in FY2013. This was due mainly to the Group's share of losses being restricted up to its investment in the joint venture.

***Profit Before Tax***
For FY2013, the Group recorded a profit before tax of $1.7 million, as compared to a loss before tax of $0.4 million in FY2012, an increase of $2.1 million. This was due mainly to higher gross profit and a decrease in the share of losses arising from the Group's Hong Kong joint venture as the share of losses was restricted up to its investment in joint venture, and partly offset by higher selling and distribution expenses, finance costs and other expenses.

Operating Segment's Results
Segment profits from the Residential Projects segment increased by 248.7% or $2.1 million, from $0.8 million in FY2012 to $2.9 million in FY2013 which was in tandem with the increase in revenue from this segment, which increased by 91.1% or $12.5 million, from $13.7 million in FY2012 to $26.1 million in FY2013. Segment profit margin from the Residential Projects segment increased from 6.2% in FY2012 to 11.2% in FY2013 as other operating expenses recorded in the segment only increased marginally as compared to the increase in revenue and gross profit.

Segment profits from the Distribution and Retail segment have, however, decreased by 55.7% or $0.3 million, from $0.6 million in FY2012 to $0.3 million in FY2013. This was mainly due to lower gross profits recorded as a result of lower segment revenue recorded by the operations in Singapore and Malaysia and higher operating costs.

***Tax Expense***
The effective tax rate for the Group was 29.2% in FY2013. Tax expense has increased by 2993.9% or $0.5 million, from $16,000 in FY2012 to $0.5 million in FY2013. This was due mainly to tax provided for income derived from the Group's profitable operations in Singapore, which recorded higher profit before tax in FY2013 as compared with FY2012.

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

***Assets***
The Group's total assets as at 31 December 2013 increased by $5.1 million from $25.9 million as at 31 December 2012 to $31.0 million as at 31 December 2013.

The increase in total assets was mainly attributable to:

a. An increase in net carrying value of property, plant and equipment by $0.1 million due mainly to purchases of office equipment and furniture and renovation for "kitchen culture" showrooms in Singapore and Malaysia as well as for the new service office and additional purchases of motor vehicles (renewal of certificate of entitlement) in Singapore which amounted to $0.5 million in aggregate. This increase was partly offset by depreciation charges of $0.4 million for the year;

b. An increase in inventories by $0.4 million due mainly to the Malaysia subsidiary, which increased its purchases for a residential project which would be due for delivery after the year-end, as well as an increase in display inventories at the showroom;

c. An increase in trade and other receivables by $4.4 million due mainly to an increase in trade receivables and retention sum amounting to $2.8 million and $0.9 million, respectively, which were in tandem with higher revenue recognised; an increase in the amount due from related party of $0.4 million which related mainly to advances from the Company to its Hong Kong joint venture; and an increase in other debtors, deposits and prepayment of $0.3 million; and

d. An increase in cash and bank balances of $0.4 million.

The above was partially offset by a decrease in interest in joint venture entity by $0.2 million as the Group recognised its share of losses (restricted up to its investment in the joint venture) from its Hong Kong joint venture.

***Liabilities***
The Group's total liabilities as at 31 December 2013 increased by $3.8 million from $13.4 million as at 31 December 2012 to $17.2 million as at 31 December 2013.

The increase in total liabilities was mainly attributable to:

a. An increase in bills payable to banks by $2.9 million which was in line with the increase in purchase of inventories, as the bills were not due for payment at year-end;

b. An increase in trade and other payables by $1.1 million due mainly to an increase in amounts due to customers on projects of $0.5 million, an increase in trade payables of $0.5 million and an increase in other payables and accrued operating expenses of $0.1 million;

c. An increase in the amounts due to directors by $0.6 million due mainly to advances from a director for working capital purposes, of which $0.5 million was repaid subsequent to year end; and

d. An increase in tax payable and deferred tax liabilities by $0.5 million which was in tandem with the increase in taxable profits for the Singapore operations.

The above was partially offset by a decrease in bank borrowings and finance leases by $1.2 million and $0.1 million respectively, as these borrowings were repaid.

***Total Equity***

Total equity increased by $1.2 million from $12.5 million as at 31 December 2012 to $13.7 million as at 31 December 2013. Non-controlling interest increased from nil as at 31 December 2012 to approximately $74,000 as at 31 December 2013, which is in respect of the 20% minority interest in EOC, a joint venture newly entered into by the Group in 2013. The Group's net asset value per share stood at 13.8 cents as at 31 December 2013 as compared to 12.5 cents as at 31 December 2012.

**Review of Consolidated Statement of Cash Flows**

In FY2013, the Group's operating profit before working capital changes was $2.6 million. The net cash used in working capital of $0.8 million was due mainly to (1) an increase in inventories by $0.4 million, and (2) increase in receivables by $4.4 million, partially offset by an increase in payables by $4.0 million. During FY2013, the Group paid interest and income tax an aggregate of $0.3 million. The net cash from operating activities in FY2013 amounted to $1.5 million.

The net cash used in investing activities of $0.5 million in FY2013 was due mainly to renovation and purchase of office equipment and motor vehicle of $0.5 million.

The net cash used in financing activities of $0.6 million in FY2013 was due mainly to repayment of bank borrowings and finance leases which amounted to an aggregate of $2.6 million, partially offset by drawdown of bank borrowings of $1.4 million and advances from a director of $0.6 million.

As a result of the above, cash and cash equivalents increased by $0.4 million, from $3.5 million as at 1 January 2013 to $3.9 million as at 31 December 2013.

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.

For the next 12 months, the Group will continue to capitalise on its core competencies and to focus on 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 explore business opportunities, including expanding its geographical coverage.

As mentioned in the results announcement dated 5 August 2013, the Group entered into a licensing and dealership agreement with a third party in Jakarta, Indonesia. Barring unforeseen circumstances, this is expected to commence operating by the first half of FY2014.

In addition, the Group is exploring establishing a presence in Chengdu, Peoples' Republic of China.

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

The Group's project order book for Singapore and Malaysia as at 31 January 2014 was approximately $43.7 million. This is expected to be fulfilled over the next 2 to 3 years. The order book may not be reflective or indicative of the Group's overall financial results and performance as it may be subject to variation, modification and cancellation by customers.

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 the financial year ended 31 December 2013.

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).

14. 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 | |
|---|---|---|---|---|---|---|---|---|
| | FY2013 | FY2012 | FY2013 | FY2012 | FY2013 | FY2012 | FY2013 | FY2012 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Segment revenue | 26,131,869 | 13,672,666 | 6,819,834 | 7,987,616 | - | - | 32,951,703 | 21,660,282 |
| Segment profits/(loss) | 2,938,679 | 842,866 | 266,242 | 601,312 | (780,732) | (1,154,687) | 2,424,189 | 289,491 |
| Segment assets | 19,341,757 | 13,057,410 | 10,621,612 | 10,107,663 | 1,009,556 | 2,766,773 | 30,972,925 | 25,931,846 |
| Segment liabilities | 8,018,829 | 4,233,717 | 4,800,008 | 4,499,379 | 692,994 | 299,829 | 13,511,831 | 9,032,925 |
| Unallocated corporate liabilities | | | | | | | 3,715,925 | 4,400,353 |
| Total liabilities | | | | | | | 17,227,756 | 13,433,278 |
| *Other segments items* | | | | | | | | |
| Capital expenditure of property, plant and equipment | 140,179 | 449,013 | 159,438 | 341,090 | 210,208 | - | 509,825 | 790,103 |
| Depreciation of property, plant and equipment | 252,321 | 191,765 | 147,312 | 146,143 | - | - | 399,633 | 337,908 |

A reconciliation of segment profits to the profit/(loss) before tax is as follows:

| | Group | |
|---|---|---|
| | FY2013 | FY2012 |
| | $ | $ |
| Segment profits | 2,424,189 | 289,491 |
| Interest income | 1,558 | 7,707 |
| Loss on foreign exchange difference | (397,399) | (119,108) |
| Bank interest on bank loans | (86,478) | (83,583) |
| Goodwill arising on consolidation written off | (6,389) | - |
| Goodwill on joint venture written off | - | (28,554) |
| Share of results of joint venture | (196,136) | (418,297) |
| Profit/(loss) before tax | 1,739,345 | (352,344) |

***Geographical information***

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

| | Sales to external customers | |
|---|---|---|
| | FY2013 | FY2012 |
| | $ | $ |
| Singapore | 31,857,956 | 19,185,836 |
| Malaysia | 837,762 | 1,403,758 |
| Seychelles | 2,579 | 149,471 |
| Indonesia | 177,243 | 584,145 |
| Maldives | - | 298,396 |
| Cambodia | 42,588 | - |
| Others | 33,575 | 38,676 |
| | 32,951,703 | 21,660,282 |

15. 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.

16. A breakdown of sales as follows:

| | Group | | |
|---|---|---|---|
| | **FY2013 $** | **FY2012 $** | **% increase/ (decrease)** |
| (a) Sales reported for first half year | 13,567,231 | 11,279,345 | 20.3 |
| (b) Profit after tax before deducting non-controlling interests reported for first half year | 177,582 | 319,091 | (44.3) |
| (c) Sales reported for second half year | 19,384,472 | 10,380,937 | 86.7 |
| (d) Profit/(loss) after tax before deducting non-controlling interests reported for second half year | 1,054,456 | (687,832) | N.M. |

17. 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 | |
|---|---|---|
| | **FY2013 $** | **FY2012 $** |
| (a) Ordinary | - | - |
| (b) Preference | - | - |
| (c) Total | - | - |

18. 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 the 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

Lim Han Li
Executive Director

Date: 21 February 2014