



**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”) 2014**

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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”). 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 Mr Alex Tan, Chief Executive Officer, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.*

*Audit of the consolidated financial statements of the Group has not been completed, in particular, the inventory balance has not been finalised as stock count is still on-going, and the results of such work may have an impact on the consolidated financial statements of the Group. The Company will make appropriate announcement(s) to update its shareholders on the matter, if necessary.*

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.

	<b>Group</b>		
	<b>Unaudited FY2014</b>	<b>Audited FY2013</b>	<b>% Change Increase/(Decrease)</b>
	<b>\$</b>	<b>\$</b>	
<b>Revenue</b>	22,103,895	32,951,703	(32.9)
Cost of sales	(12,624,849)	(18,623,514)	(32.2)
<b>Gross profit</b>	9,479,046	14,328,189	(33.8)
Other income	134,304	111,389	20.6
Selling and distribution expenses	(7,285,714)	(7,808,096)	(6.7)
General and administrative expenses	(3,234,523)	(3,063,387)	5.6
Finance costs	(298,650)	(293,490)	1.8
Other expenses	(147,661)	(1,339,124)	(89.0)
Share of results of joint venture	-	(196,136)	N.M.
<b>(Loss)/profit before tax</b>	(1,353,198)	1,739,345	N.M.
Tax expense	(41,174)	(507,307)	(91.9)
<b>Net (loss)/profit for the year</b>	(1,394,372)	1,232,038	N.M.
<b>Other comprehensive income for the year, net of tax</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	47,993	14,160	238.9
<b>Total comprehensive (loss)/income for the year</b>	(1,346,379)	1,246,198	N.M.
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company	(1,327,699)	1,306,969	N.M.
Non-controlling interest	(66,673)	(74,931)	(11.0)
<b>Net (loss)/profit for the year</b>	(1,394,372)	1,232,038	N.M.
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(1,279,639)	1,321,129	N.M.
Non-controlling interest	(66,740)	(74,931)	(10.9)
<b>Total comprehensive (loss)/income for the year</b>	(1,346,379)	1,246,198	N.M.

N.M. = Not Meaningful

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

	<b>Group</b>		
	<b>Unaudited FY2014</b>	<b>Audited FY2013</b>	<b>% Change Increase/(Decrease)</b>
	<b>\$</b>	<b>\$</b>	
Allowance for doubtful receivables	15,707	460,246	(96.6)
Allowance for doubtful receivables written back	(2,228)	(21,674)	(89.7)
Depreciation of property, plant and equipment	428,743	399,633	7.3
Goodwill arising on consolidation written off	-	6,389	N.M.
Interest expense	298,650	293,490	1.8
Inventories:			
- Written down	169,878	411,191	(58.7)
- Reversal of written down	(2,865)	(8,997)	(68.2)
(Gain)/loss on foreign exchange difference	(117,162)	397,399	N.M.
Interest income	(2,869)	(1,558)	84.1
Other income	(131,435)	(109,831)	19.7
Under provision of tax expense in respect of prior years	14,174	307	N.M.
Property, plant and equipment written off	7,794	4,737	64.5

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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 As at 31 December 2014 \$</b>	<b>Audited As at 31 December 2013 \$</b>	<b>Unaudited As at 31 December 2014 \$</b>	<b>Audited As at 31 December 2013 \$</b>
<b>Non-current assets</b>				
Property, plant and equipment	1,719,513	1,555,967	-	-
Subsidiaries	-	-	1,500,005	1,500,005
Trade and other receivable	1,472,211	2,326,813	-	-
	<u>3,191,724</u>	<u>3,882,780</u>	<u>1,500,005</u>	<u>1,500,005</u>
<b>Current assets</b>				
Inventories	13,292,426	12,363,924	-	-
Trade and other receivables	8,987,752	10,806,567	4,803,648	5,366,109
Cash and bank balances	3,067,150	3,919,654	31,910	28,154
	<u>25,347,328</u>	<u>27,090,145</u>	<u>4,835,558</u>	<u>5,394,263</u>
<b>Total assets</b>	<u>28,539,052</u>	<u>30,972,925</u>	<u>6,335,563</u>	<u>6,894,268</u>
<b>Non-current liabilities</b>				
Bank borrowings	2,083,333	-	-	-
Finance lease liabilities	69,658	119,874	-	-
Deferred tax liabilities	85,000	58,000	-	-
	<u>2,237,991</u>	<u>177,874</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>				
Bank borrowings	6,724,976	7,455,735	-	-
Finance lease liabilities	50,216	50,216	-	-
Trade and other payables	7,123,371	8,209,186	232,963	246,426
Amounts due to directors	-	846,820	-	360,860
Tax payable	4,429	487,925	-	-
	<u>13,902,992</u>	<u>17,049,882</u>	<u>232,963</u>	<u>607,286</u>
<b>Total liabilities</b>	<u>16,140,983</u>	<u>17,227,756</u>	<u>232,963</u>	<u>607,286</u>
<b>Net assets</b>	<u>12,398,069</u>	<u>13,745,169</u>	<u>6,102,600</u>	<u>6,286,982</u>
<b>Share capital and reserves</b>				
Share capital	6,231,259	6,231,259	6,231,259	6,231,259
Accumulated profits/(losses)	6,078,414	7,547,815	(128,659)	55,723
Currency translation reserve	88,683	40,623	-	-
<b>Equity attributable to equity holders of the Company</b>	<u>12,398,356</u>	<u>13,819,697</u>	<u>6,102,600</u>	<u>6,286,982</u>
Non-controlling interest	(287)	(74,528)	-	-
<b>Total equity</b>	<u>12,398,069</u>	<u>13,745,169</u>	<u>6,102,600</u>	<u>6,286,982</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 31 December 2014		Audited As at 31 December 2013	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
6,775,192	-	7,505,951	-

**Amount repayable after one year**

Unaudited As at 31 December 2014		Audited As at 31 December 2013	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
2,152,991	-	119,874	-

Details of collateral are as follows:

**Term loans**

The term loans of \$3,183,333 (FY2013: \$Nil) were secured by corporate guarantees from the Company.

**Short-term loans**

Short-term loans of \$4,603,000 (FY2013: \$5,229,332) are secured by corporate guarantees from the Company.

**Bills payable to banks**

The bills payable to banks of \$1,021,976 (FY2013: \$2,226,403) are secured by corporate guarantees from the Company.

**Finance lease liabilities**

The finance lease liabilities of \$119,874 (FY2013: \$170,090) are secured on the property, plant and equipment purchased under the finance leases. As at 31 December 2014, finance lease liabilities amounting to \$119,874 (FY2013: \$170,090) 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.

	<b>Group</b>	
	<b>Unaudited FY2014</b>	<b>Audited FY2013</b>
	\$	\$
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(1,353,198)	1,739,345
Adjustments for:		
Depreciation of property, plant and equipment	428,743	399,633
Goodwill arising on consolidation written off	-	6,389
Property, plant and equipment written off	7,794	4,737
Interest expense	298,650	293,490
Interest income	(2,869)	(1,558)
Share of results of joint venture	-	196,136
Operating (loss)/profit before working capital changes	(620,880)	2,638,172
Inventories	(981,352)	(403,681)
Receivables	2,705,613	(4,389,218)
Payables	(1,002,455)	1,144,669
Translation differences	28,887	5,788
Cash (used in)/generated from operations	129,813	(1,004,270)
Interest received	2,869	1,558
Tax paid	(536,369)	(42,382)
<b>Net cash (used in)/from operating activities</b>	<b>(403,687)</b>	<b>(1,045,094)</b>
<b>Cash flows from investing activities</b>		
Net cash (outflow)/inflow from acquisition of a subsidiary	(2,000)	970
Purchases of property, plant and equipment	(603,247)	(509,825)
<b>Net cash used in investing activities</b>	<b>(605,247)</b>	<b>(508,855)</b>
<b>Cash flows from financing activities</b>		
Advances from a director	-	591,820
Drawdown of bank borrowings	7,704,976	5,705,735
Interest paid	(298,650)	(293,490)
Proceeds from issuance of new shares by a subsidiary	1,279	1,980
Repayment of advances from directors	(846,820)	-
Repayment of bank borrowings	(6,352,402)	(3,990,215)
Repayment of finance leases	(50,216)	(56,070)
<b>Net cash from/(used in) financing activities</b>	<b>158,167</b>	<b>1,959,760</b>

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

	<b>Group</b>	
	<b>Unaudited FY2014</b>	<b>Audited FY2013</b>
	\$	\$
<b>Net (decrease)/increase in cash and cash equivalents</b>	(850,767)	405,811
Cash and cash equivalents at the beginning of the financial year	3,919,654	3,522,815
Effect of exchange rate changes on cash and cash equivalents	(1,737)	(8,972)
<b>Cash and cash equivalents at the end of the financial year</b>	<u>3,067,150</u>	<u>3,919,654</u>

Cash and cash equivalents comprise cash and bank balances on the statement of financial position.

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**

<b>Group</b>	<b>Share capital</b>	<b>Accumulated (losses)/ profits</b>	<b>Currency translation reserve</b>	<b>Sub-total</b>	<b>Non-Controlling interest</b>	<b>Total equity</b>
	\$	\$	\$	\$	\$	\$
<b>As at 1 January 2014</b>	6,231,259	7,547,815	40,623	13,819,697	(74,528)	13,745,169
Loss for the year	-	(1,327,699)	-	(1,327,699)	(66,673)	(1,394,372)
<i>Other comprehensive income for the year, net of tax</i>						
- Currency translation differences arising from consolidation	-	-	48,060	48,060	(67)	47,993
Total comprehensive (loss)/income for the year	-	(1,327,699)	48,060	(1,279,639)	(66,740)	(1,346,379)
Issuance of shares in a subsidiary	-	-	-	-	1,279	1,279
Acquisition of non-controlling interest without a change in control	-	(141,702)	-	(141,702)	139,702	(2,000)
<b>As at 31 December 2014</b>	<b>6,231,259</b>	<b>6,078,414</b>	<b>88,683</b>	<b>12,398,356</b>	<b>(287)</b>	<b>12,398,069</b>
<b>As at 1 January 2013</b>	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
<i>Other comprehensive income for the year, net of tax</i>						
- 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)
<b>As at 31 December 2013</b>	<b>6,231,259</b>	<b>7,547,815</b>	<b>40,623</b>	<b>13,819,697</b>	<b>(74,528)</b>	<b>13,745,169</b>



1(d)(i)

**Statements of Changes in Equity**

<b>Company</b>	<b>Share capital \$</b>	<b>Accumulated (losses)/ profits \$</b>	<b>Total equity \$</b>
<b>As at 1 January 2014</b>	6,231,259	55,723	6,286,982
Loss and total comprehensive loss for the year	-	(184,382)	(184,382)
<b>As at 31 December 2014</b>	<u>6,231,259</u>	<u>(128,659)</u>	<u>6,102,600</u>
<b>As at 1 January 2013</b>	6,231,259	(297,958)	5,933,301
Profit and total comprehensive income for the year	-	353,681	353,681
<b>As at 31 December 2013</b>	<u>6,231,259</u>	<u>55,723</u>	<u>6,286,982</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 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 2014		As at 31 December 2013	
	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 during FY2014. There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2013 and 31 December 2014.

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 2014	As at 31 December 2013
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 FY2014.

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 2013 ("FY2013").

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 2014, 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 FY2014.

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>FY2014</b>	<b>FY2013</b>
(Loss)/earnings per ordinary shares		
Basic and fully diluted (cents)	(1.3)	1.3

Basic and fully diluted (loss)/earnings per share are calculated by dividing the Group's (loss)/profit 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.

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 December 2014</b>	<b>As at 31 December 2013</b>	<b>As at 31 December 2014</b>	<b>As at 31 December 2013</b>
Net asset value per ordinary share (cents)	12.4	13.8	6.1	6.3

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:
- 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
  - 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***

In FY2014, the Group recorded revenue of \$22.1 million, a decrease of 32.9% or \$10.9 million as compared to \$33.0 million in FY2013. The decrease was attributable to lower revenue contribution from the Residential Projects segment by 44.6% or \$11.7 million, which was partly offset by an increase in revenue contribution from the Distribution and Retail segment by 11.8% or \$0.8 million.

### Residential Projects

In FY2014, the Residential Projects segment accounted for 65.5% or \$14.5 million of the Group's revenue, of which \$5.0 million was attributable to revenue recognised from 7 new projects, while \$9.5 million was derived from 25 ongoing projects from the previous financial years. Comparatively, in FY2013, the Residential Projects segment accounted for 79.3% or \$26.2 million of the Group's revenue, of which \$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.

### Distribution and Retail

In FY2014, the Distribution and Retail segment accounted for 34.5% or \$7.6 million of the Group's revenue. Revenue from the Distribution and Retail segment increased by 11.8% or \$0.8 million, attributable to an improvement of \$0.3 million and \$0.5 million recorded by the Group's operations in Singapore and Malaysia respectively. This was a result of various promotional and sales initiatives carried out in these countries in FY2014.

### ***Gross Profit***

In tandem with lower revenue recorded in FY2014, gross profit decreased by 33.8% or \$4.8 million, from \$14.3 million in FY2013 to \$9.5 million in FY2014. Overall, gross profit margin decreased by 0.6 percentage points from 43.5% in FY2013 to 42.9% in FY2014 due mainly to competitive pricing for the Distribution and Retail segment.

### ***Other Income***

Other income increased by 20.6% or approximately \$23,000, from approximately \$111,000 in FY2013 to \$134,000 in FY2014. This was due mainly to increase of maintenance and license fee income by approximately \$25,000 and government wage credit received as well as marketing and sponsorship income increased by approximately \$45,000. This was partially offset by an absence of approximately \$32,000 in write-back of unclaimed creditors in FY2014, which was previously recorded in FY2013.

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

Selling and distribution expenses decreased by 6.7% or \$0.5 million, from \$7.8 million in FY2013 to \$7.3 million in FY2014.

This was mainly attributable to a decrease in advertisement, entertainment, rental, travelling expenses and upkeep of motor vehicles in FY2014.

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

General and administrative expenses increased by 5.6% or \$0.1 million, from \$3.1 million in FY2013 to \$3.2 million in FY2014, mainly due to an increase in salaries and related costs of \$0.1 million.

### ***Other Expenses***

Other expenses decreased by 89.0% or approximately \$1.2 million, from \$1.3 million in FY2013 to \$0.1 million in FY2014.

This was mainly attributable to:

- a. A net decrease in allowance for doubtful receivables of \$0.4 million. This was mainly due to the absence of allowance for doubtful receivables in FY2014 in relation to the Group's advances to its Hong Kong joint venture, which were provided for in FY2013;
- b. A decrease in write-down of inventories of \$0.3 million in FY2014 as compared to FY2013; and
- c. A foreign exchange gain of \$0.1 million recorded in FY2014 as compared to a foreign exchange loss of \$0.4 million recorded in FY2013.

### ***Share of Results of Joint Venture***

The Group's 40% share of losses was restricted up to its investment in Hong Kong joint venture in FY2013. As such, no share of losses was recorded in FY2014. The Group's share of losses amounted to approximately \$0.2 million in FY2013.

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

In FY2014, the Group recorded a loss before tax of \$1.3 million, as compared to a profit before tax of \$1.7 million in FY2013, representing a decrease of \$3.0 million. The loss in FY2014 was mainly attributable to (i) a decrease in revenue from the Residential Project segment; (ii) losses arising from Eclat Office Club Pte. Ltd., due to business operations not taking off as anticipated; and (iii) losses incurred in its wholly-owned subsidiary in Malaysia, Kitchen Culture Sdn. Bhd., due to increase operating expenses coupled with lower margins achieved in the year.

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

Profits from the Residential Projects segment decreased by 100.9% or \$2.9 million, from \$2.9 million in FY2013 to a loss of \$27,000 in FY2014. This was in tandem with the decrease in revenue from this segment of \$11.6 million or 44.6%, from \$26.1 million in FY2013 to \$14.5 million in FY2014.

Distribution and Retail segment recorded losses of \$0.9 million in FY2014 as compared to profits of \$0.3 million in FY2013. This was mainly due to higher operating costs despite a higher revenue recorded by the operations in Singapore in this segment in FY2014.

### ***Tax Expense***

Tax expense decreased by 91.9% or \$466,000, from \$507,000 in FY2013 to \$41,000 in FY2014. This was in tandem with the net losses incurred in FY2014. The tax expense relates to \$14,000 of tax underprovided in prior years and a deferred tax provision of \$27,000 in FY2014.

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

### ***Assets***

The Group's total assets as at 31 December 2014 decreased by \$2.4 million from \$31.0 million as at 31 December 2013 to \$28.6 million as at 31 December 2014.

The decrease in total assets was mainly attributable to:

- a. a decrease in trade and other receivables of \$2.6 million. This was due mainly to (i) a decrease in trade receivables and retention sum amounting to \$4.1 million and \$0.1 million, respectively, which were in tandem with lower revenue recognised, partially offset by (ii) an increase in the amount due from related party of \$1.3 million mainly for advances from the Company to its Hong Kong joint venture, and (iii) an increase in other receivables of \$0.3 million; and
- b. a decrease in cash and bank balances of \$0.9 million.

The above was partially offset by (i) an increase in net carrying value of property, plant and equipment by \$0.1 million mainly due to additions during FY2014, and (ii) an increase in inventories by \$1.0 million due mainly to increased inventories in the Malaysia and China subsidiaries in FY2014.

### ***Liabilities***

The Group's total liabilities as at 31 December 2014 decreased by \$1.1 million from \$17.2 million as at 31 December 2013 to \$16.1 million as at 31 December 2014.

The decrease in total liabilities was mainly attributable to:

- a. a decrease in trade and other payables of \$1.1 million as in tandem with the reduced number of ongoing projects at the end of the year compared to FY2013;
- b. a decrease in bills payable to banks of \$1.2 million;
- c. a decrease in the amounts due to directors of \$0.8 million due to repayment in FY2014;
- d. a decrease in tax payable of \$0.5 million; and
- e. a decrease of finance lease of \$0.1 million.

The above was partially offset by an increase in bank borrowings of \$2.6 million mainly due to drawdown of bank loans during the financial year.

### ***Total Equity***

Total equity decreased by \$1.3 million from \$13.7 million as at 31 December 2013 to \$12.4 million as at 31 December 2014. Non-controlling interest decreased from approximately \$74,000 as at 31 December 2013 to \$287 as at 31 December 2014, which the Group acquired the remaining 20.0% in Eclat Office Club Pte. Ltd. in FY2014, a joint venture entered into by the Group in FY2013. The Group's net asset value per share stood at 12.4 cents as at 31 December 2014 as compared to 13.8 cents as at 31 December 2013.

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

In FY2014, the Group's operating loss before working capital changes was \$0.6 million. The net cash generated in working capital of \$0.1 million was due mainly to (1) a decrease in receivables of \$2.7 million, partially offset by (2) an increase in inventories of \$1.0 million, and (3) a decrease in payables of \$1.0 million. In FY2014, the Group paid income tax of \$0.5 million. The net cash used in operating activities in FY2014 amounted to \$0.4 million.

The net cash used in investing activities of \$0.6 million in FY2014 was mainly for renovation and purchase of computers and motor vehicle.

The net cash generated from financing activities of \$0.2 million in FY2014 was due mainly to (i) drawdown of bank borrowings of \$7.7 million, partially offset by (ii) repayment of bank borrowings and finance leases which amounted to an aggregate of \$6.4 million, (iii) repayment of advances from a director of \$0.8 million and (iv) interest expenses of \$0.3 million paid in FY2014.

As a result of the above, cash and cash equivalents decreased by \$0.9 million, from \$3.9 million as at 31 December 2013 to \$3.0 million as at 31 December 2014.

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

The unaudited financial results for the financial year ended 31 December 2014 set out in this announcement are in line with the profit warning released by the Company on 13 February 2015.

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 in both local and regional markets. The Group will also explore opportunities to streamline its operational costs moving forward.

As disclosed in the announcement dated 31 March 2014, the Group has established a wholly-owned subsidiary, Kitchen Culture (Sichuan) Co. Ltd, in Chengdu, People's Republic of China. The showroom in Chengdu has commenced operations in fourth quarter of 2014. In addition, as mentioned in the results announcement dated 21 February 2014, the Group's licensee partner in Indonesia has commenced their showroom operations in 2014.

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.

The Group's project order book for Singapore, Malaysia and Hong Kong as at 31 January 2015 was approximately \$48.5 million. This is expected to be fulfilled over the next 1 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 2014.

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	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	14,473,016	26,131,869	7,621,174	6,819,834	9,705	-	22,103,895	32,951,703
Segment (losses)/profits	(27,380)	2,938,679	(878,242)	266,242	(453,180)	(780,732)	(1,358,802)	2,424,189
Segment assets	12,658,308	19,341,757	13,769,753	10,621,612	2,110,991	1,009,556	28,539,052	30,972,925
Segment liabilities	3,326,725	6,436,686	4,688,254	4,322,819	250,241	692,994	8,265,220	11,452,499
Unallocated liabilities							7,875,763	5,775,257
Total liabilities							16,140,983	17,227,756
<i>Other segments items</i>								
Capital expenditure of property, plant and equipment	145,455	140,179	457,792	159,438	-	210,208	603,247	509,825
Depreciation of property, plant and equipment	240,451	252,321	188,292	147,312	-	-	428,743	399,633

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

	<b>Group</b>	
	<b>FY2014</b>	<b>FY2013</b>
	<b>\$</b>	<b>\$</b>
Segment (losses)/profits	(1,358,802)	2,424,189
Interest income	2,869	1,558
Gain/(Loss) on foreign exchange difference	117,162	(397,399)
Bank interest on bank loans	(114,427)	(86,478)
Goodwill arising on consolidation written off	-	(6,389)
Share of results of joint venture	-	(196,136)
(Loss)/profit before tax	<u>(1,353,198)</u>	<u>1,739,345</u>

### **Geographical information**

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

	<b>Sales to external customers</b>	
	<b>FY2014</b>	<b>FY2013</b>
	<b>\$</b>	<b>\$</b>
Singapore	19,916,986	31,857,956
Malaysia	1,293,907	837,762
Seychelles	63,729	2,579
Indonesia	742,052	177,243
Cambodia	-	42,588
Others	87,221	33,575
	<u>22,103,895</u>	<u>32,951,703</u>

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:

	<b>Group</b>		<b>% increase/ (decrease)</b>
	<b>FY2014</b>	<b>FY2013</b>	
	<b>\$</b>	<b>\$</b>	
(a) Sales reported for first half year	13,544,783	13,567,231	(0.2)
(b) (Loss)/profit after tax before deducting non-controlling interests reported for first half year	(383,773)	177,582	N.M.
(c) Sales reported for second half year	8,559,112	19,384,472	(55.8)
(d) (Loss)/profit after tax before deducting non-controlling interests reported for second half year	(1,010,599)	1,054,456	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	
	FY2014 \$	FY2013 \$
(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.

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: 28 February 2015