



KITCHEN CULTURE HOLDINGS LTD.

(Company Registration No: 201107179D)

(Incorporated in the Republic of Singapore on 25 March 2011)

**HALF YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2011**

Kitchen Culture Holdings Ltd. (the “Company”) was listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 22 July 2011. The initial public offering (“IPO”) of the Company was sponsored by Collins Stewart Pte. Limited.

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the 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.

The contact person for the Sponsor is Mr. Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road, #21-02 Singapore 068896, telephone (65) 6854-6160.

Background

Kitchen Culture Holdings Pte. Ltd. (the “Company”) was incorporated in Singapore on 25 March 2011 under the Singapore Companies Act as a private company limited by shares. On 6 July 2011, the Company was converted into a public company limited by shares and the name was changed to “Kitchen Culture Holdings Ltd.”.

The Group (as defined therein), comprising the Company and its subsidiaries (the “Group”), was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) undertaken to streamline and rationalise the corporate structure and shareholding structure of the Group prior to the Company’s initial public offering (“IPO”) and listing on the Catalist of the SGX-ST (the “Catalist”). Please refer to the Company’s Offer Document dated 15 July 2011 for further details on the Restructuring Exercise.

The Company was admitted to the Catalist on 22 July 2011. For the purpose of this announcement, the consolidated financial statements of the Group for the half year ended 30 June 2011 and 30 June 2010 have been prepared in a manner similar to the “pooling of interest” method as the Restructuring Exercise involved companies which are under common control. Accordingly, the Group’s consolidated financial statements for the half year ended 30 June 2011 and 30 June 2010 have been prepared as if the Group had been in existence prior to the Restructuring Exercise.

PART I - INFORMATION REQUIRED FOR HALF YEAR ANNOUNCEMENT

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

Consolidated Statement of Comprehensive Income

	Group		% Change Increase/ (Decrease)
	Half Year Ended	Half Year Ended	
	30.06.11	30.06.10	
	\$	\$	
Revenue	9,683,970	12,822,383	(24.5)
Cost of sales	(4,627,711)	(8,369,064)	(44.7)
Gross profit	5,056,259	4,453,319	13.5
Other income	119,690	181,138	(33.9)
Selling and distribution expenses	(2,788,909)	(2,690,867)	3.6
General and administrative expenses	(1,200,737)	(1,089,279)	10.2
Finance costs	(139,984)	(178,486)	(21.6)
Other expenses	(71,334)	(23,679)	201.3
Profit before tax	974,985	652,146	49.5
Tax expense	(89,510)	(154,000)	(41.9)
Net profit for the year	885,475	498,146	77.8
Other comprehensive income			
Currency translation differences arising from consolidation	2,851	3,864	(26.2)
Total comprehensive income for the year	888,326	502,010	77.0
Profit attributable to:			
Equity holders of the Company	885,475	669,546	32.3
Non-controlling interests	-	(171,400)	(100.0)
	885,475	498,146	77.8
Total comprehensive income attributable to:			
Equity holders of the Company	888,326	671,478	32.3
Non-controlling interests	-	(169,468)	(100.0)
	888,326	502,010	77.0

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

	Group		
	Half Year Ended		
	30.06.11	30.06.10	% Change
	\$	\$	Increase/ (Decrease)
Profit for the period is stated at after charging /(crediting) the following:			
Allowance for doubtful trade receivables recovered	(54,489)	-	N.M
Depreciation	169,799	152,636	11.2
Gain on disposal of investment property	(34,023)	-	N.M
(Gain)/loss on disposal of property, plant and equipment	635	(17,664)	N.M
Interest expenses	139,984	178,486	(21.6)
Inventories written down	41,534	-	N.M
Loss/(gain) on foreign exchange difference	8,735	(145,195)	N.M
Over provision of tax expense in respect of prior years	(90,490)	-	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.

Statements of Financial Position

	Group		Company	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010
	\$	\$	\$	\$
Non-current assets				
Property, plant and equipment	731,512	855,456	-	-
Investment in a subsidiary	-	-	1,500,003	-
Long-term prepayment	290,412	196,008	-	-
	<u>1,021,924</u>	<u>1,051,464</u>	<u>1,500,003</u>	<u>-</u>
Current assets				
Inventories	8,405,200	7,303,222	-	-
Investment property under construction	-	316,668	-	-
Project work-in-progress	377,110	643,769	-	-
Trade and other receivables	6,891,285	6,975,975	-	-
Cash and bank balances	3,932,999	5,034,705	10	-
	<u>19,606,594</u>	<u>20,274,339</u>	<u>10</u>	<u>-</u>
Total assets	<u>20,628,518</u>	<u>21,325,803</u>	<u>1,500,013</u>	<u>-</u>
Non-current liabilities				
Bank borrowings	1,658,798	2,299,026	-	-
Finance lease liabilities	265,083	314,013	-	-
Deferred tax liability	37,000	37,000	-	-
	<u>1,960,881</u>	<u>2,650,039</u>	<u>-</u>	<u>-</u>
Current liabilities				
Project work-in-progress	507,010	223,558	-	-
Bank borrowings	1,264,680	1,233,518	-	-
Trade and other payables	4,157,033	4,962,139	56,000	-
Bills payable to banks	2,602,004	1,722,022	-	-
Finance lease liabilities	98,536	101,969	-	-
Amounts due to directors	1,716,964	2,456,964	-	-
Tax payable	300,072	842,592	-	-
	<u>10,646,299</u>	<u>11,542,762</u>	<u>56,000</u>	<u>-</u>
Total liabilities	<u>12,607,180</u>	<u>14,192,801</u>	<u>56,000</u>	<u>-</u>
Net assets	<u>8,021,338</u>	<u>7,133,002</u>	<u>1,444,013</u>	<u>-</u>
Share capital and reserves				
Share capital ⁽¹⁾	1,500,013	1,500,003	1,500,013	-
Accumulated profits	6,500,702	5,615,227	(56,000)	-
Currency translation reserve	20,623	17,772	-	-
Equity attributable to equity holders of the Company	<u>8,021,338</u>	<u>7,133,002</u>	<u>1,444,013</u>	<u>-</u>
Non-controlling interests	-	-	-	-
Total equity	<u>8,021,338</u>	<u>7,133,002</u>	<u>1,444,013</u>	<u>-</u>

Note:

(1) The share capital as reflected in the Statements of Financial Position for financial period ended 30 June 2011 and 30 June 2010 represent the pre-placement issued and paid-up share capital.

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 at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 30.6.2011		As at 31.12.2010	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
3,965,220	-	3,057,509	-

Amount repayable after one year

As at 30.6.2011		As at 31.12.2010	
\$	\$	\$	\$
Secured	Unsecured	Secured	Unsecured
1,923,881	-	2,613,039	-

Details of any collateral

The Group's bank borrowings are secured as follows:

Term loans

The term loans are secured by personal guarantees from certain directors and a related party.

Finance Lease Liabilities

The finance lease liabilities are secured on the property, plant and equipment purchased under the finance leases. The finance lease liabilities amounted to \$0.2 million was guaranteed by one of the directors.

Bills payable to banks

Bills payable to banks are secured by the personal guarantees from certain directors and a related party.

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

Consolidated Statement of Cash Flows

	Group	
	Half Year Ended	
	30.6.2011	30.6.2010
	\$	\$
Cash flows from operating activities		
Profit before tax	974,985	652,146
Adjustments for:		
Depreciation of property, plant and equipment	169,799	152,636
Loss/(gain) on disposal of property, plant and equipment	635	(17,664)
Gain on disposal of investment property	(34,023)	-
Interest income	(82)	(43)
Interest expense	139,984	178,486
Operating profit before working capital changes	1,251,298	965,561
Inventories	(1,101,978)	1,384,727
Project work-in-progress	550,111	(776,826)
Receivables	84,689	320,347
Payables	74,875	(2,758,809)
Translation differences	(3,737)	(9,179)
Cash generated from/(used in) operations	855,258	(874,179)
Interest paid	(139,984)	(178,486)
Interest received	82	43
Tax paid	(631,396)	(81,969)
Net cash from/(used in) operating activities	83,960	(1,134,591)
Cash flows from investing activities		
Purchases of property, plant and equipment	(49,717)	(136,786)
Purchases of investment property under construction	(1,266,673)	-
Proceeds from disposal of property, plant and equipment	105	38,647
Proceeds from disposal of investment property	1,617,364	-
Long-term prepayment for leasehold property	(94,404)	(87,204)
Net cash from/(used in) investing activities	206,675	(185,343)
Cash flows from financing activities		
Issuance of shares	10	-
Amounts due to directors	(740,000)	-
Proceeds from bank borrowings	-	2,000,000
Repayment of bank borrowings	(609,066)	(538,387)
Repayment of finance lease	(52,362)	(81,948)
Net cash (used in)/ from financing activities	(1,401,418)	1,379,665

Consolidated Statement of Cash Flows (cont'd)

	Group	
	Half Year ended	
	30.6.2011	30.6.2010
	\$	\$
Net (decrease)/increase in cash and cash equivalents	(1,110,783)	59,731
Cash and cash equivalents at beginning of financial period	5,034,705	1,600,627
Effect of exchange rate changes on cash and bank balances	9,077	10,521
Cash and cash equivalents at end of financial period	3,932,999	1,670,879

Cash and cash equivalents comprise the 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.

Statements of Changes in Equity

	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
Profit for the period	-	885,475	-	885,475	-	885,475
<i>Other comprehensive income for the period, net of tax</i>						
Currency translation differences arising from consolidation	-	-	2,851	2,851	-	2,851
Total comprehensive income for the period	-	885,475	2,851	888,326	-	888,326
At 30 June 2011	1,500,013	6,500,702	20,623	8,021,338	-	8,021,338
At 1 January 2010	1,500,003	5,870,844	13,610	7,384,457	114,873	7,499,330
Profit for the period	-	669,546	-	669,546	(171,400)	498,146
<i>Other comprehensive income for the period, net of tax</i>						
Currency translation differences arising from consolidation	-	-	1,932	1,932	1,932	3,864
Total comprehensive income for the period	-	669,546	1,932	671,478	(169,468)	502,010
At 30 June 2010	1,500,003	6,540,390	15,542	8,055,935	(54,595)	8,001,340

Company

	Share capital	Accumulated losses	Total equity
	\$	\$	\$
At 1 January 2011	-	-	-
Issuance of shares at date of incorporation	2	-	2
Issuance of shares during the period	8	-	8
Issuance of shares for acquisition of subsidiaries	1,500,003	-	1,500,003
Total comprehensive loss for the period	-	(56,000)	(56,000)
At 30 June 2011	1,500,013	(56,000)	1,444,013

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

Note:

(1) The sub-division of shares pursuant to the Restructuring Exercise took place on 1 July 2011. Please refer to the “Restructuring Exercise” and “Share Capital” sections in the Offer Document dated 15 July 2011 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.

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 30 June 2011 is 1,500,013 (31 December 2010: 1,500,003 ordinary shares).

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, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2010.

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 does not have a material impact on the financial statements of the Group.

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	
	Half Year Ended	
	30.06.11	30.06.10
Basic and fully diluted (cents)	<u>1.1</u>	<u>0.8</u>

Basic and fully diluted earnings per share for both financial periods are calculated by dividing the Group's net profits attributable to equity holders of the Company by pre-placement ordinary shares of 83,000,000.

The Group's consolidated financial statements for the half year ended 30 June 2011 and 30 June 2010 have been prepared as if the Group had been in existence prior to the Restructuring Exercise.

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	
	30.06.11	31.12.10	30.06.11	31.12.10
Net asset per ordinary shares (cents)	<u>9.7</u>	<u>8.6</u>	<u>1.7</u>	Not Applicable

Net asset per ordinary shares for both financial periods are 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 24.5% or \$3.1 million from \$12.8 million in HY2010 to \$9.7 million in HY2011. This was mainly due to the decrease in revenue contribution from the Residential Projects business by \$3.7 million, partly offset by an increase in revenue from the Distribution and Retail business by \$0.6 million.

Residential Projects business accounted for 53.4% of the Group's revenue in HY2011 of which \$3.1 million was attributable to revenue recognised based on percentage of completion from 10 new projects, including *The Ritz-Carlton Residences, Singapore, Cairnhill* and *The Greenwood* while \$2.1 million was derived from 9 ongoing projects in FY2010. Comparatively, revenue for HY2010 of \$8.9 million was mainly from 3 major projects, namely *The Orchard Residences, Paterson Suites* and *Sui Generis* which accounted for \$6.4 million of the revenue recognised in HY2010.

The drop in revenue from Residential Projects was offset by the growth in the Distribution and Retail business segment by 15.4% from \$3.9 million in HY2010 to \$4.5 million in HY2011.

Gross Profit

Gross profit increased by 13.5% or \$0.6 million, from \$4.5 million in HY2010 to \$5.1 million in HY2011 in spite of lower revenue. Overall gross profit margin increased by 17.5 percentage point from 34.7% in HY2010 to 52.2% in HY2011 mainly due to higher margin contribution from Distribution and Retail segment as well as Residential Projects segment and as a result of lower costs of purchase denominated in Euro ("EUR") and United States dollar ("US\$").

Other income

Other income decreased by 33.9% or \$61,000, from \$181,000 in HY2010 to \$120,000 in HY2011 due mainly to foreign exchange gain of \$145,000 and gain on disposal of property, plant and equipment of \$18,000 in HY2010, partly offset by write-back of unclaimed creditors of \$68,000 and gain on disposal of investment property of \$34,000.

Selling and Distribution Expenses

Selling and distribution expenses increased by 3.6% or \$98,000, from \$2.7 million in HY2010 to \$2.8 million in HY2011 due mainly to increased staff costs for the sales, marketing and operation staffs and higher advertising costs partly offset by a decrease in warehouse storage charges in HY2011 due to lower inventories held at third party warehouse for HY2011.

General and Administrative Expenses

General and administrative expenses increased by 10.2% or \$0.1 million, from \$1.1 million in HY2010 to \$1.2 million in HY2011 due mainly to the increase in rental of office premises and staff costs.

Finance costs

Finance costs reduced by 21.6% or \$39,000, from \$0.2 million in HY2010 to \$0.1 million in HY2011 due mainly to decrease in bank interest as the loans were repaid and lower utilisation of banking facilities.

Other expenses

Other expenses increased by 201.3% or \$48,000, from \$24,000 in HY2010 to \$71,000 in HY2011 due mainly to write-down of showroom inventories from the Malaysia subsidiary, partly offset by recovery of allowance for doubtful debts.

Profit before tax

Profit before tax increased by 49.5% or \$0.3 million, from \$0.7 million in HY2010 to \$1.0 million in HY2011 due mainly to higher gross profit partly offset by higher selling and distribution expenses, general and administrative expenses and other expenses.

Review of Statement of Financial Position of the Group

The Group's total assets decreased by \$0.7 million from \$21.3 million as at 31 December 2010 to \$20.6 million as at 30 June 2011 due mainly to a decrease in investment property of \$0.3 million as the property was sold as at 30 June 2011, decrease in project work-in-progress of \$0.3 million and decrease in cash and bank balances of \$1.1 million, partly offset by an increase in inventories of \$1.1 million.

The Group's total liabilities decreased by \$1.6 million from \$14.2 million as at 31 December 2010 to \$12.6 million as at 30 June 2011 due mainly to the decrease in bank borrowings and finance leases by \$0.7 million, trade and other payable by \$0.8 million, amounts due to directors of \$0.7 million and tax payable by \$0.6 million, partly offset by an increase in project work-in-progress of \$0.3 million and bills payable to banks of \$0.9 million.

Shareholders' equity increased by \$0.9 million from \$7.1 million as at 31 December 2010 to \$8.0 million as at 30 June 2011.

Review of Consolidated Statement of Cash Flows

The Group's net cash from operating activities before working capital changes for HY2011 was \$1.3 million. Net cash used in working capital amounted to \$0.4 million. This was due mainly to an increase in inventories by \$1.1 million partly offset by a decrease in project work-in-progress by \$0.5 million, decrease in receivables by \$0.1 million and an increase in payables by \$0.1 million. During HY2011, tax paid and interest paid were \$0.6 million and \$0.2 million, respectively. The net cash from operating activities amounted to \$0.1 million.

The Group's net cash from investing activities amounted to \$0.2 million due mainly to proceeds from sale of investment property of \$1.6 million partly offset by purchase of property, plant and equipment, investment property and prepayment for leasehold property amounted in aggregate to \$1.4 million.

The Group's net cash used in financing activities of \$1.4 million were due mainly to the repayment of amounts due to directors of \$0.7 million, bank borrowings of \$0.6 million and finance leases of \$0.1 million.

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 in the next 12 months are as follows:

- a) The state of the Singapore and Malaysia economies;
- b) The state of the global economy particularly the fluctuations in exchange rates between Singapore dollar (“S\$”) and Swiss Franc, S\$ and EUR and S\$ and US\$; and
- c) The increase in operating expenses, inclusive of increased staff costs, directors’ service agreements and one-off IPO related expenses.

Please refer to the “Trend Information” section in our Offer Document dated 15 July 2011 for further details.

In view of the increase in operating expenses as mentioned in (c) above, we are of the view that the Group may not be able to sustain the same growth patterns or profit growth as the previous years. Nonetheless, we believe that the outlook for the Group’s business will remain positive barring unforeseen circumstances. In addition, the Group is also looking at possible acquisition opportunities that will boost its presence in the market for which discussions are underway.

11. If a decision regarding dividend has been made:

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

Not applicable.

- (b)(i) Amount per share (cents)

Not applicable.

- (b)(ii) Previous corresponding period

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 the 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 5.00 pm) 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 in respect of the current financial period.

13. Use of Proceeds

Pursuant to the IPO, the Company received total gross proceeds of \$5,100,000 and as the date of this announcement, the Company has utilised an amount of \$1,048,322 towards payment of the IPO expenses.

14. Interested Person Transactions

Save for the on-going interested person transactions disclosed in the “Interested Person Transactions” section in our Offer Document dated 15 July 2011, there were no other interested person transactions during the financial period under review.

15. Confirmation by the Board Pursuant to Rule 705(5)

We, Lim Wee Li and Lim Han Li, being two Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the half year ended 30 June 2011 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Wee Li
Executive Chairman and CEO

Lim Han Li
Executive Director

11 August 2011