

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

KIMLY LIMITED

Securities

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Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please see attached.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

Additional Details

For Financial Period Ended
30/06/2019

Attachments

[Kimly_Q3 Results Announcement.pdf](#)

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Kimly Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 201613903R)

**Unaudited Financial Statements and Dividend Announcement
For the third quarter ended 30 June 2019**

The Group is principally engaged in the operation and management of coffee shops, food courts and food stalls in Singapore under its two divisions, namely the outlet management division and the food retail division.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

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

Consolidated Statements of Comprehensive Income

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	3Q FY2019 S\$'000	3Q FY2018 S\$'000		9M FY2019 S\$'000	9M FY2018 S\$'000	
Revenue	51,649	49,881	3.5	155,793	149,206	4.4
Cost of sales	(42,101)	(40,513)	3.9	(125,828)	(120,037)	4.8
Gross profit	9,548	9,368	1.9	29,965	29,169	2.7
Other item of income						
Interest income	292	205	42.4	785	477	64.6
Other operating income	246	553	(55.5)	1,782	2,091	(14.8)
Other items of expense						
Selling and distribution expenses	(1,209)	(871)	38.8	(3,773)	(2,520)	49.7
Administrative expenses	(3,268)	(3,109)	5.1	(11,246)	(9,938)	13.2
Interest expense	(1)	-	N.M	(3)	-	N.M
Other operating expense	(135)	(161)	(16.1)	(378)	(274)	38.0
Profit before tax	5,473	5,985	(8.6)	17,132	19,005	(9.9)
Income tax expense	(784)	(999)	(21.5)	(2,435)	(2,818)	(13.6)
Profit for the period, representing total comprehensive income for the period and attributable to owners of the Company	<u>4,689</u>	<u>4,986</u>	(6.0)	<u>14,697</u>	<u>16,187</u>	(9.2)

Notes:

- (1) 3Q denotes financial period from 1 April to 30 June
- (2) 9M denotes financial period from 1 October to 30 June
- (3) N.M denotes not meaningful

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

The Group's profit before tax was arrived at after charging/(crediting) the following:

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	3Q FY2019 S\$'000	3Q FY2018 S\$'000		9M FY2019 S\$'000	9M FY2018 S\$'000	
Amortisation of intangible assets	136	95	43.2	377	208	81.3
Depreciation of property, plant and equipment	741	626	18.4	2,279	1,720	32.5
Directors' fees	50	38	31.6	150	113	32.7
Employee benefits expense	14,245	13,235	7.6	42,946	39,702	8.2
Interest expense	1	-	N.M	3	-	N.M
Interest income from short-term bank deposits	(292)	(205)	42.4	(785)	(477)	64.6
Fixed assets written off	-	66	(100.0)	-	66	(100.0)
Operating lease expenses	9,513	9,233	3.0	28,683	27,142	5.7

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

Consolidated Statements of Financial Position

	Group		Company	
	30/6/2019 S\$'000	30/9/2018 S\$'000	30/6/2019 S\$'000	30/9/2018 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	9,411	10,326	-	-
Intangible assets	6,154	4,297	-	-
Investment in subsidiaries	-	-	238,997	238,997
Deferred tax assets	292	292	-	-
Other receivables	7,045	8,110	2,600	2,600
	<u>22,902</u>	<u>23,025</u>	<u>241,597</u>	<u>241,597</u>
Current assets				
Trade and other receivables	7,426	19,281	7,741	23,703
Inventories	1,338	1,015	-	-
Prepayments	443	778	14	10
Cash and bank balances	87,094	71,669	61,374	38,473
	<u>96,301</u>	<u>92,743</u>	<u>69,129</u>	<u>62,186</u>
Total assets	<u>119,203</u>	<u>115,768</u>	<u>310,726</u>	<u>303,783</u>
Current liabilities				
Trade and other payables	19,388	19,418	10,771	6,608
Other liabilities	6,249	7,126	779	984
Obligation under finance lease	27	26	-	-
Provision for restoration costs	420	272	-	-
Provision for taxation	2,912	3,473	-	10
	<u>28,996</u>	<u>30,315</u>	<u>11,550</u>	<u>7,602</u>
Net current assets	<u>67,305</u>	<u>62,428</u>	<u>57,579</u>	<u>54,584</u>
Non-current liabilities				
Obligation under finance lease	26	46	-	-
Deferred tax liabilities	399	399	-	-
Other payables	363	804	-	-
Provision for restoration costs	464	618	-	-
	<u>1,252</u>	<u>1,867</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>30,248</u>	<u>32,182</u>	<u>11,550</u>	<u>7,602</u>
Net assets	<u>88,955</u>	<u>83,586</u>	<u>299,176</u>	<u>296,181</u>
Equity attributable to owners of the Company				
Share capital	287,141	287,141	287,141	287,141
Treasury shares	(2,318)	(843)	(2,318)	(843)
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	(113,030)	-	-
Retained earnings	37,285	30,441	14,353	9,883
Total equity	<u>88,955</u>	<u>83,586</u>	<u>299,176</u>	<u>296,181</u>
Total equity and liabilities	<u>119,203</u>	<u>115,768</u>	<u>310,726</u>	<u>303,783</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/6/2019		As at 30/9/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
27	-	26	-

Amount repayable after one year

As at 30/6/2019		As at 30/9/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
26	-	46	-

Details of any collateral

The Group's borrowings consist of obligation under finance lease which are secured by a charge over the respective leased motor vehicles.

United Overseas Bank Limited has granted a Money Market Loan facility of S\$1.8 million to the Group. The facility is secured by the property at 13 Woodlands Link. As at 30 June 2019, the facility with United Overseas Bank Limited has not been drawn down.

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.

Consolidated Statements of Cash Flows

	Group		Group	
	3Q FY2019 S\$'000	3Q FY2018 S\$'000	9M FY2019 S\$'000	9M FY2018 S\$'000
Operating activities				
Profit before tax	5,473	5,985	17,132	19,005
<u>Adjustments for:</u>				
Amortisation of intangible assets	136	95	377	208
Depreciation of property, plant and equipment	741	626	2,279	1,720
Fixed assets written off	-	66	-	66
Interest expense	1	-	3	-
Interest income	(292)	(205)	(785)	(477)
Total adjustments	586	582	1,874	1,517
Operating cash flows before changes in working capital	6,059	6,567	19,006	20,522
<u>Change in working capital</u>				
(Increase)/decrease in trade and other receivables	(560)	(266)	13,070	(1,132)
(Increase)/decrease in inventories	(141)	9	(323)	48
Increase in prepayments	(219)	(280)	(14)	(209)
(Decrease)/increase in trade and other payables	(1,133)	(576)	420	(354)
Increase/(decrease) in other liabilities	1,138	1,112	(878)	(864)
Total changes in working capital	(915)	(1)	12,275	(2,511)
Cash flows from operations	5,144	6,566	31,281	18,011
Interest income from short-term deposits received	292	200	638	492
Interest paid	(1)	-	(3)	-
Income taxes paid	(1,249)	(1,384)	(2,996)	(2,913)
Net cash generated from operating activities	4,186	5,382	28,920	15,590
Investing activities				
Purchase of property, plant and equipment (Note A)	(160)	(1,260)	(1,881)	(3,084)
Purchase of intangible assets (Note B)	(2,168)	(2,360)	(2,266)	(2,487)
Net cash used in investing activities	(2,328)	(3,620)	(4,147)	(5,571)
Financing activities				
Repayment of obligations under finance leases	(6)	-	(19)	-
Purchase of treasury shares	(1,245)	-	(1,476)	-
Dividends paid on ordinary shares	-	(3,242)	(7,853)	(11,115)
Net cash used in financing activities	(1,251)	(3,242)	(9,348)	(11,115)
Net increase/(decrease) in cash and bank balances	607	(1,480)	15,425	(1,096)
Cash and bank balances at the beginning of financial period	86,487	85,463	71,669	85,079
Cash and bank balances at the end of financial period	87,094	83,983	87,094	83,983

1(c) Consolidated Statements of Cash Flows (cont'd)

	Group		Group	
	3Q FY2019 S\$'000	3Q FY2018 S\$'000	9M FY2019 S\$'000	9M FY2018 S\$'000
<u>A. Property, plant and equipment</u>				
Current year additions to property, plant and equipment	167	1,227	1,365	2,152
Less:				
(Increase)/reduction from other payables	(7)	123	860	1,022
Provision for restoration costs	-	(80)	5	(80)
Prepayments	-	(10)	(349)	(10)
Net cash outflow for purchase of property, plant and equipment	160	1,260	1,881	3,084
<u>B. Intangible assets</u>				
Current year additions to intangible assets	2,206	2,308	2,234	2,319
Less:				
(Increase)/reduction from other payables	(38)	52	32	168
Net cash outflow for purchase of intangible assets	2,168	2,360	2,266	2,487

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

Consolidated Statements of Changes in Equity

	← Attributable to owners of the Company →						Total equity
	Share capital	Treasury shares	Other Reserves		Premium paid on acquisition of non-controlling interests	Retained earnings	
	S\$'000	S\$'000	Merger reserve S\$'000	Deemed contribution from shareholders of subsidiary under common control S\$'000	S\$'000	S\$'000	S\$'000
Group							
At 1 October 2018	287,141	(843)	(120,591)	468	(113,030)	30,441	83,586
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	5,274	5,274
<u>Contributions by and distributions to owners</u>							
Purchase of treasury shares	-	(130)	-	-	-	-	(130)
At 31 December 2018 and 1 January 2019	287,141	(973)	(120,591)	468	(113,030)	35,715	88,730
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	4,734	4,734
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	-	-	-	(7,853)	(7,853)
Purchase of treasury shares	-	(101)	-	-	-	-	(101)
Balance as at 31 March 2019	287,141	(1,074)	(120,591)	468	(113,030)	32,596	85,510
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	4,689	4,689
<u>Contributions by and distributions to owners</u>							
Purchase of treasury shares	-	(1,244)	-	-	-	-	(1,244)
Balance as at 30 June 2019	287,141	(2,318)	(120,591)	468	(113,030)	37,285	88,955

1(d)(i) Consolidated Statements of Changes in Equity (cont'd)

	← Attributable to owners of the Company →						Total
	Share capital	Treasury shares	Other Reserves		Premium paid on acquisition of non-controlling interests	Retained earnings	
	S\$'000	S\$'000	Merger reserve S\$'000	Deemed contribution from shareholders of subsidiary under common control S\$'000	S\$'000	S\$'000	S\$'000
Group							
At 1 October 2017	287,141	-	(120,591)	468	(113,030)	19,673	73,661
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	5,748	5,748
At 31 December 2017 and 1 January 2018	287,141	-	(120,591)	468	(113,030)	25,421	79,409
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	5,453	5,453
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	-	-	-	(7,873)	(7,873)
Balance as at 31 March 2018	287,141	-	(120,591)	468	(113,030)	23,001	76,989
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	4,986	4,986
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	-	-	-	(3,242)	(3,242)
Balance as at 30 June 2018	287,141	-	(120,591)	468	(113,030)	24,745	78,733

1(d)(i) Consolidated Statements of Changes in Equity (cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company				
At 1 October 2018	287,141	(843)	9,883	296,181
Loss for the period, representing total comprehensive income for the period	-	-	(167)	(167)
<u>Contributions by and distributions to owners</u>				
Purchase of treasury shares	-	(130)	-	(130)
At 31 December 2018 and 1 January 2019	287,141	(973)	9,716	295,884
Profit for the period, representing total comprehensive income for the period	-	-	12,779	12,779
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	-	-	(7,853)	(7,853)
Purchase of treasury shares	-	(101)	-	(101)
Balance as at 31 March 2019	287,141	(1,074)	14,642	300,709
Profit for the period, representing total comprehensive income for the period	-	-	(289)	(289)
<u>Contributions by and distributions to owners</u>				
Purchase of treasury shares	-	(1,244)	-	(1,244)
Balance as at 30 June 2019	287,141	(2,318)	14,353	299,176
At 1 October 2017	287,141	-	2,050	289,191
Profit for the period, representing total comprehensive income for the period	-	-	9,792	9,792
At 31 December 2017 and 1 January 2018	287,141	-	11,842	298,983
Loss for the period, representing total comprehensive income for the period	-	-	(474)	(474)
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	-	-	(7,873)	(7,873)
Balance as at 31 March 2018	287,141	-	3,495	290,636
Profit for the period, representing total comprehensive income for the period	-	-	8,426	8,426
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares	-	-	(3,242)	(3,242)
Balance as at 30 June 2018	287,141	-	8,679	295,820

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

<u>Share Capital – Ordinary Shares</u>	Number of issued shares ('000)	Issued and paid-up capital (S\$'000)
Balance as at 31 March 2019	1,154,468	286,067
Less: Treasury shares	(5,221)	(1,244)
Balance as at 30 June 2019	1,149,247	284,823

Treasury Shares

During 3Q FY2019, the Company bought back 5,221,000 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 8,540,000 treasury shares, representing 0.74% of the total number of shares outstanding as at 30 June 2019 (30 June 2018: Nil). Save for as disclosed, the Company did not have any treasury shares, subsidiary holdings or other convertible instruments as at 30 June 2019 and 30 June 2018.

- 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.**

	30/6/2019	30/9/2018
Total number of issued shares ('000)	1,157,787	1,157,787
Less: Total number of treasury shares ('000)	(8,540)	(2,397)
Total number of issued shares ('000)	1,149,247	1,155,390

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during, and at the end of, the financial period reported on.

- 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 Company's auditors.

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

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

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

Save as disclosed in Section 5, the accounting policies and methods of computation adopted in the financial statements for this reporting period are consistent with those disclosed in the most recently audited financial statements for the financial year ended 30 September 2018.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is effective for Singapore-incorporated companies listed on the Singapore Exchange for annual reporting periods beginning on or after 1 January 2018. The Group has also adopted the new SFRS(I) and Interpretations to SFRS(I)s ("SFRS(I) INT") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2018.

The adoption of these SFRS(I) and SFRS(I) INT did not result in any substantial changes to the Group's accounting policies or have any material effect on the financial statements for the current period reported on.

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

	Group		Group	
	3Q FY2019	3Q FY2018	9M FY2019	9M FY2018
Profit attributable to owners of the Company (S\$'000)	4,689	4,986	14,697	16,187
Weighted average number of ordinary shares in issue ('000)*	1,152,070	1,157,787	1,156,915	1,157,787
Basic and diluted EPS (S\$ cents)	0.41	0.43	1.27	1.40

* The weighted average number of shares takes into account the share buy-backs transacted during the respective periods.

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 period reported on; and**

(b) **Immediately preceding financial year**

	Group		Company	
	30/6/2019	30/9/2018	30/6/2019	30/9/2018
Net asset value ("NAV") (S\$'000)	88,955	83,586	299,176	296,181
Number of ordinary shares in issue ('000)	1,149,247	1,155,390	1,149,247	1,155,390
NAV per ordinary share (S\$ cents)	7.74	7.23	26.03	25.62

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-
- (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.

Consolidated Statement of Comprehensive Income
3Q FY2019 compared to 3Q FY2018

Revenue

The Group recorded revenue of S\$51.6 million in 3Q FY2019 as compared to S\$49.9 million in 3Q FY2018. The increase of S\$1.7 million or 3.5% was mainly due to the revenue contribution from the restaurants and confectionery businesses that were acquired in July 2018, namely Tonkichi and Rive Gauche.

Cost of sales

Cost of sales increased by S\$1.6 million, to S\$42.1 million in 3Q FY2019, in line with the increase in revenue. Cost of sales as a percentage of revenue increased from 81.2% in 3Q FY2018 to 81.5% in 3Q FY2019 mainly due to cost contribution from the newly acquired businesses, Tonkichi and Rive Gauche.

Interest income

Interest income increased by S\$0.1 million, in line with higher bank balances placed in short-term deposits during the financial period.

Other operating income

Other operating income decreased by S\$0.3 million mainly due to decrease in income from sponsorships.

Selling and distribution expenses

Selling and distribution expenses increased by S\$0.3 million due to the increase in delivery charges, cleaning and packaging materials used.

Administrative expenses

The increase in administrative expenses of S\$0.2 million, from S\$3.1 million in 3Q FY2018 to S\$3.3 million in 3Q FY2019 was mainly due to higher depreciation of property, plant and equipment.

Consolidated Statements of financial position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2019 and 30 September 2018.

Non-current assets

The Group's non-current assets decreased by S\$0.1 million primarily due to (i) decrease in other receivables (non-current) of S\$1.1 million; and (ii) depreciation of property, plant and equipment, and amortisation of intangible assets of S\$0.7 million and S\$0.1 million respectively, offset by (i) increase in intangible assets of S\$2.2 million in relation to lease assignment fee paid to a previous landlord when the lease was transferred to the Group and (ii) additions of equipments for existing coffee shops and food stalls.

Other receivables (non-current) comprise (i) the refundable deposits relating to rental deposits placed with lessors for the leases of coffee shops which are due after twelve months and longer, which are recoverable upon termination or expiration of the leases, amounting to S\$4.5 million (30 September 2018: S\$5.3 million), and the decrease was due to re-classification of the deposits to current, (ii) the non-current portion of staff loans amounting to S\$0.1 million as at 30 June 2019 (30 September 2018: S\$0.2 million); and (iii) the balance consideration of S\$2.6 million pursuant to the Rescission.

As at 30 June 2019, total refundable deposits placed with lessors (non-current and current) amounted to S\$6.9 million (30 September 2018: S\$6.9 million).

Current assets

The Group's current assets increased by S\$3.6 million due mainly to (i) increase in cash and bank balances by S\$15.4 million and (ii) increase in inventories by S\$0.3 million, and offset by (i) decrease in trade and other receivables of S\$11.9 million and (ii) decrease in prepayments of S\$0.3 million.

The decrease in trade and other receivables was mainly due to repayments of S\$13.4 million from balance consideration of the Rescission as announced in the Company's announcements dated 29 November 2018 and 8 January 2019; offset by (i) increase in refundable deposits due to re-classification of deposit from non-current of S\$0.8 million; tender deposits placed of S\$0.2 million and (ii) increase in trade receivables of S\$0.5 million in line with increase in revenue.

The increase in cash and bank balances was mainly due to cash generated from operating activities of S\$28.9 million, which was offset by (i) additions of property, plant and equipment of S\$1.9 million and intangible assets of S\$2.3 million; (ii) purchase of treasury shares of S\$1.5 million and (iii) payment of dividends of S\$7.8 million.

8. Consolidated Statements of financial position (cont'd)

Current liabilities

The Group's current liabilities decreased by S\$1.3 million mainly attributable to decrease in other liabilities by S\$0.9 million due to payment of employee bonus and decrease in tax provision of S\$0.6 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.6 million mainly due to decrease in provision for restoration costs of S\$0.2 million and decrease in tenants' deposits of S\$0.4 million.

Consolidated Statements of Cash Flows

The Group's net cash generated from operating activities in 3Q FY2019 of S\$4.2 million mainly resulted from operating cash flows before changes in working capital of S\$6.1 million and interest income received of S\$0.3 million, offset by net working capital outflows of S\$0.9 million and income taxes paid of S\$1.3 million. The net working capital outflows were due to (i) decrease in trade and other payables by S\$1.1 million; (ii) increase in trade and other receivables by S\$0.6 million; (iii) increase in inventories by S\$0.1 million and (iv) increase in prepayments by S\$0.2 million, and partially offset by (i) increase in other liabilities by S\$1.1 million.

The Group's net cash flows used in investing activities during 3Q FY2019 was attributable to the additions of property, plant and equipment and intangible assets of S\$2.3 million mainly attributable to lease assignment fee paid to a previous landlord when the lease was transferred to the Group.

The Group's net cash flows used in financing activities of S\$1.3 million during 3Q FY2019 was mainly due to the purchase of treasury shares.

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

The financial results are in line with the forecast statement disclosed in the Company's financial results announcement for the second quarter ended 31 March 2018, dated 7 May 2019.

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.

To maintain revenue growth and enhance earnings amidst an increasingly challenging Food and Beverage ("F&B") operating environment in Singapore, the Group has implemented strategies to expand its food offerings, diversify revenue streams through acquisitions (such as Tonkichi and Rive Gauche), as well as improving internal efficiencies and introducing innovations to reduce costs.

To enhance front-end outlet efficiency, the Group has commenced several enhancements and work process improvements at its central kitchen. In addition to preparing marinated meat products which are then supplied to Mixed Vegetable Rice stalls, the central kitchen has in recent weeks commenced preparation of sliced meat and semi-finished food products for its Seafood "Zi Char" stalls. Centralisation simplifies food preparation at the stall front, accordingly reduces labour hours and skill required.

As part of its continued efforts to refresh the menu, the Group has introduced two new products and concepts. The first is a bak kwa (肉干) pau (BBQ Pork Jerky Bun), which will commence sales in 45 Kimly Dim Sum stalls island-wide and will be available to order online on major food delivery platforms from 8 August 2019. The product is a result of a collaboration with Peng Guan Bak Kwa, a local specialist traditional BBQ pork jerky manufacturer and retailer. The second is Kanaaji, a new brand expanding on quality and value for money Japanese cuisine, which is now operating at Kimly's newly-refurbished Foodclique food court at National University of Singapore (University Town).

The Group continues to monitor the challenges in local F&B industry, including issues of affordability at a time of slower economic growth and the reduction of the Foreign Worker Quota (announced in Budget 2019), which will come into effect over the next two years.

In July 2019, the Group secured the leases of three coffee shop sites through the Housing and Development Board's tender system, Price-Quality Method ("PQM"). PQM does not solely focus on price, but also on qualitative initiatives that show how operators innovate and transform traditional coffee shop formats into more efficient ones. The new coffee shops are expected to commence operations in 1Q FY2020.

As part of its expansion plans, the Group will continue to explore potential accretive acquisition opportunities as and when these opportunities arise. Given the recent economic slowdown, the coffee shop dining option remains attractive to the value conscious consumers.

Barring unforeseen circumstances, the Group expects to continue to grow its business and remain profitable for FY2019.

11. Dividend

If a decision regarding dividend has been made: -

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

Nil

(b) Previous corresponding period (cents)

(Optional) Rate (%)

Nil

(c) The date the dividend is payable

Not applicable

(d) The date on which Registrable Transfers receive 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 by the board of directors of the Company ("Board") in respect of Q3 FY2019 as the Company declares dividends (if any) at half year and full year announcements.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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 had obtained a general mandate from shareholders for IPTs disclosed in pages 147 to 153 of the Offer Document. The general mandate for IPT has been renewed at the Extraordinary General Meeting held on 30 January 2019.

There were no interested person transactions entered into that exceeded S\$100,000 for 3Q FY2019.

14. Use of IPO proceeds

The Company refers to the gross proceeds amounting to S\$43.5 million raised from the IPO on the Catalist of the SGX-ST on 20 March 2017.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	(7,848)	22,515
Balance Consideration	-	(2,600) ^	(2,600)
Refurbishment and renovation of existing food outlets	3,000	(1,186)	1,814
Headquarters/Central Kitchen upgrading	5,000	(2,018)	2,982
Productivity initiatives/IT	2,000	(1,326)	674
Listing expenses	3,087	(3,087)	-
Total	43,450	(18,065)	25,385

^ On 29 November 2018, the Company has rescinded *ab initio* its acquisition of Asian Story Corporation Pte. Ltd. ("ASC") ("Rescission"). Pursuant to the Rescission, out of the S\$16.0 million consideration previously paid to the vendor for the acquisition of ASC, S\$13.4 million has been repaid by the vendor and the balance consideration of S\$2.6 million is to be repaid over 3 years from 29 November 2018. The Company has substituted its security over the Share Charge and Assignment in respect of the balance amount of S\$2.6 million over certain quoted equity securities held by the vendor aggregating to S\$2.0 million based on quoted prices as at 2 August 2019.

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the nine months ended 30 June 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Hee Liat
Executive Chairman
7 August 2019

Kimly Records 3.5% Revenue Growth for 3Q FY2019 on Higher Contribution from New Brands *Tonkichi* and *Rive Gauche*

- Gross profit rose 1.9% to S\$9.5 million in 3Q FY2019; EBITDA of S\$6.4 million for 3Q FY2019 compared to S\$6.7 million in 3Q FY2018 due to higher selling, distribution and administrative expenses
- Introduced new central kitchen efficiencies and two new F&B concepts
- Secured three coffee shops leases through HDB’s tender system, Price-Quality Method

S\$'million	3Q FY2019	3Q FY2018	+ / (-) %
Revenue	51.6	49.9	3.5
Gross Profit	9.5	9.4	1.9
Profit Before Tax	5.5	6.0	(8.6)
EBITDA*	6.4	6.7	(4.0)
Profit Attributable to the owners of the Company	4.7	5.0	(6.0)

* Earnings Before Interest, Taxes, Depreciation and Amortisation

SINGAPORE, 7 August 2019 – Kimly Limited (“金味有限公司”) (“Kimly” or the “Company” and together with its subsidiaries, the “Group”), a leading coffee-shop operator, announced today revenue for the quarter ended 30 June 2019 (“3Q FY2019”) grew 3.5% to S\$51.6 million from S\$49.9 million a year earlier, propelled by contribution from Japanese restaurant chain *Tonkichi* and Japanese-French confectioner *Rive Gauche*, two brands acquired in July 2018.

In line with higher revenue, gross profit in 3Q FY2019 increased to S\$9.5 million from \$9.4 million in 3Q FY2018. This was offset, however, by higher selling and distribution, and administrative

expenses which lowered profit before tax to S\$5.5 million in 3Q FY2019 from S\$6.0 million in 3Q FY2018. EBITDA for 3Q FY2019 was S\$6.4 million (3Q FY2018: S\$6.9 million).

For the nine months ended 30 June 2019 (“**9M FY2019**”), Kimly recorded profit attributable to the owners of the Company of S\$14.7 million (9M FY2018: S\$16.2 million) and EBITDA of S\$19.8 million (9M FY2018: S\$20.9 million) on revenue of S\$155.8 million (9M FY2018: S\$149.2 million).

Net cash from operations decreased to S\$4.2 million in 3Q FY2019 from S\$5.4 million a year earlier, mainly resulted from operating cash flows before changes in working capital of S\$6.1 million and interest income received of S\$0.3 million, offset by net working capital outflows of S\$0.9 million and income taxes paid of S\$1.3 million. As at 30 June 2019, the Group had S\$87.1 million in cash and cash equivalents.

The Group is fully committed to carrying out the growth initiatives set out in its corporate and business update released on 18 December 2018. These include expanding its portfolio of coffee shops and product offerings, streamlining outlet operations and optimising its central kitchens.

To enhance front-end outlet efficiency, the Group has commenced several enhancements and work process improvements at its central kitchen. In addition to preparing marinated meat products which are then supplied to Mixed Vegetable Rice stalls, the central kitchen has in recent weeks commenced preparation of sliced meat and semi-finished food products for its Seafood “Zi Char” stalls. Centralisation simplifies food preparation at stall front, accordingly reduces labour hours and skill required.

As part of its continued efforts to refresh the menu, the Group has introduced two new products and concepts. The first is a bak kwa (肉干) pau (BBQ Pork Jerky Bun), which will commence sales in 45 Kimly Dim Sum stalls island-wide and will be available to order online on major food delivery

platforms from 8 August 2019. The product is a result of a collaboration with Peng Guan Bak Kwa, a local specialist traditional BBQ pork jerky manufacturer and retailer. The second is Kanaaji, a new brand expanding on quality and value for money Japanese cuisine, which is now operating at Kimly's newly-refurbished FoodClique food court at National University of Singapore (University Town).

In July 2019, the Group secured the lease of three coffee shop sites through the Housing and Development Board's tender system, Price-Quality Method ("PQM"). PQM does not solely focus on price, but also on qualitative initiatives that show how operators innovate and transform traditional coffee shop formats into more efficient ones. The new coffee shops are expected to commence operations in 1Q FY2020.

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About Kimly Limited

Kimly Limited ("金味有限公司") is one of the largest traditional coffee shop operators in Singapore with more than 25 years of experience. The Group operates and manages an extensive network of 68 food outlets and 130 food stalls across the heartlands of Singapore. It also operates a Central Kitchen that supplies sauces, marinades and semi-finished food products to its food stalls, which enables it to have better control over its business processes and generate cost savings.

For its Outlet Management Division, the Group operates and manages 60 coffee shops and four industrial canteens under the Kimly and third party brands and three food courts, located mainly in tertiary institutions, are managed and operated under the "foodclique" brand. Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood "Zi Char" food stalls and a Live Seafood Restaurant. The Group recently acquired a chain of Japanese restaurants, *Tonkichi*, and a confectionery business, *Rive Gauche*.

In tandem with the growing demand for online food ordering and delivery services due to changing consumer trends, Kimly Group started to offer its Dim Sum and Seafood "Zi Char" products for online ordering through Deliveroo, Food Panda, GrabFood and Honestbee.

Issued for and on behalf of Kimly Limited

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This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).