

OLD CHANG KEE LTD.
(Company Registration No.: 200416190W)
(Incorporated in the Republic of Singapore on 16 December 2004)

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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

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.

	The Group		Increase / (Decrease) %
	Year Ended		
	31-03-2014 S\$'000	31-03-2013 S\$'000	
Revenue	68,887	65,631	5.0
Cost of sales	(26,045)	(25,344)	2.8
Gross profit	42,842	40,287	6.3
Other items of income			
Interest income on short term deposits	38	35	8.6
Other income	1,147	1,010	13.6
Other items of expenses			
Selling and distribution expenses	(25,369)	(25,048)	1.3
Administrative expenses	(10,149)	(9,343)	8.6
Finance costs	(66)	(37)	78.4
Other expenses	(1,199)	(841)	42.6
Profit before tax for the year	7,244	6,063	19.5
Income tax expense	(1,226)	(1,082)	13.3
Profit, net of tax for the year	6,018	4,981	20.8
Other comprehensive income:			
Net surplus on revaluation of freehold land and buildings	-	3,209	NM
Deferred tax on revaluation of freehold land and buildings	(504)	-	NM
Exchange differences on translating foreign operations	6	5	20.0
Other comprehensive income for the year, net of tax	(498)	3,214	NM
Total comprehensive income for the year, attributable to owners of the Company	5,520	8,195	(32.6)

1(a)(ii) Notes to consolidated statement of comprehensive income

1. Profit before tax is arrived at after charging/(crediting) the following:

	Group Year Ended		
	31-03-2014	31-03-2013	Increase / (Decrease)
	S\$'000	S\$'000	%
Write-back of allowance for doubtful debts	-	(17)	NM
Allowance for doubtful debts -amount due from associated company	533	-	NM
Amortisation of intangible assets	19	26	(26.9)
Depreciation of property, plant and equipment	3,492	3,599	(3.0)
Interest income from short-term deposits	(38)	(35)	8.6
Gain in foreign exchange, net	(67)	(170)	(60.5)
Property, plant and equipment written off	17	227	(92.5)
(Gain)/loss on disposal of property, plant and equipment	(94)	2	NM
Write-off for inventory obsolescence	-	40	NM

2. The major components of taxation comprise:

	Group Year Ended		
	31-03-2014	31-03-2013	Increase / (Decrease)
	S\$'000	S\$'000	%
Current income tax			
- Current income taxation	1,344	1,216	10.5
- Over provision in respect of prior years	(49)	-	NM
Deferred income tax			
- Movement in temporary differences	(69)	(134)	(48.5)
Taxation recognised in the consolidated statement of comprehensive income	1,226	1,082	13.3

NM: 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.**

	The Group		The Company	
	As at		As at	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets				
Property, plant and equipment	21,522	18,774	-	-
Intangible assets	26	39	-	-
Investment in subsidiary companies	-	-	5,640	5,640
Investment in unquoted shares	273	273	273	273
Long term deposits	1,783	1,598	-	-
	<u>23,604</u>	<u>20,684</u>	<u>5,913</u>	<u>5,913</u>
Current Assets				
Inventories	610	794	-	-
Trade and other receivables	130	236	-	-
Deposits	1,279	995	-	-
Prepayments	539	1,004	26	26
Amount due from associated companies	-	331	-	330
Amount due from subsidiary companies	-	-	3,024	3,492
Cash and bank balances	20,379	16,661	9,664	7,722
	<u>22,937</u>	<u>20,021</u>	<u>12,714</u>	<u>11,570</u>
Current Liabilities				
Trade and other payables	6,150	5,171	1,686	1,260
Other liabilities	141	134	-	-
Provisions	1,942	1,808	-	-
Bank loans	421	336	-	-
Finance lease liabilities	120	192	-	-
Provision for taxation	1,424	1,298	13	12
	<u>10,198</u>	<u>8,939</u>	<u>1,699</u>	<u>1,272</u>
Net Current Assets	12,739	11,082	11,015	10,298
Non-Current Liabilities				
Bank loans	3,386	2,968	-	-
Finance lease liabilities	162	188	-	-
Deferred tax liabilities	1,293	858	-	-
	<u>4,841</u>	<u>4,014</u>	<u>-</u>	<u>-</u>
Net Assets	<u>31,502</u>	<u>27,752</u>	<u>16,928</u>	<u>16,211</u>
Equity attributable to owners of the Company				
Share capital	13,964	13,897	13,964	13,897
Retained earnings	14,701	10,498	2,964	2,292
Other reserves	2,837	3,357	-	22
Total Equity	<u>31,502</u>	<u>27,752</u>	<u>16,928</u>	<u>16,211</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 31-03-2014		As at 31-03-2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
541	-	528	-

Amount repayable after one year

As at 31-03-2014		As at 31-03-2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,548	-	3,156	-

Details of any collateral

The Group's borrowings are secured as follows:

1. Bank loans are secured by:
 - (i) a first legal mortgage on leasehold properties owned by the Group's wholly owned subsidiary companies as at 31 March 2014; and
 - (ii) corporate guarantee by the Company as at 31 March 2014.
2. Finance lease obligations are secured by the lessors' title to the respective leased assets.

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

	Group	
	Year Ended	Year Ended
	31-03-2014	31-03-2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	7,244	6,063
Adjustments for:		
Allowance for amount due from associated company	533	-
Amortisation of intangible assets	19	26
Depreciation of property, plant and equipment	3,492	3,599
Revaluation deficit on property, plant and equipment	-	76
(Gain)/loss on disposal of property, plant and equipment	(94)	2
Property, plant and equipment written off	17	227
Interest expense	66	37
Interest income	(38)	(35)
Currency realignment	70	55
Operating profit before changes in working capital	<u>11,309</u>	<u>10,050</u>
Decrease in inventories	184	263
Decrease in trade and other receivables	106	53
Increase in amount due from associated companies	(202)	(234)
Increase in deposits	(469)	(84)
Decrease in prepayments	465	299
Increase/(decrease) in trade and other payables	979	(37)
Increase in other liabilities	7	36
Decrease in provisions	(27)	(214)
Cash flows from operations	<u>12,352</u>	<u>10,132</u>
Income tax paid	(1,169)	(1,023)
Net cash flows from operating activities	<u>11,183</u>	<u>9,109</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,040)	(6,414)
Purchase of intangible assets	(6)	(1)
Proceeds from disposal of property, plant and equipment	94	-
Interest received	38	35
Net cash flows used in investing activities	<u>(5,914)</u>	<u>(6,380)</u>
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to warrants exercised	47	2,557
Proceeds from bank loans	854	3,360
Repayment of finance lease liabilities	(218)	(333)
Interest paid	(66)	(37)
Repayment of bank loans	(351)	(56)
Dividends paid	(1,817)	(7,482)
Net cash flows used in financing activities	<u>(1,551)</u>	<u>(1,991)</u>
Net increase in cash and cash equivalents	3,718	738
Cash and cash equivalents at the beginning of the financial year	16,661	15,923
Cash and cash equivalents at the end of the financial year	<u>20,379</u>	<u>16,661</u>

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 owners of the Company						
	Share capital	Retained earnings	Other reserves	Foreign currency translation reserve	Warrant reserve	Asset revaluation reserve	Total equity
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 01-04-2012	10,286	12,999	1,197	(23)	1,076	144	24,482
Profit for the year	-	4,981	-	-	-	-	4,981
Other comprehensive income							
Net surplus on revaluation of freehold land and buildings	-	-	3,209	-	-	3,209	3,209
Exchange differences on translating foreign operations	-	-	5	5	-	-	5
Total comprehensive income for the year	-	4,981	3,214	5	-	3,209	8,195
Dividends on ordinary shares	-	(7,482)	-	-	-	-	(7,482)
Issuance of ordinary shares pursuant to warrants exercised	3,611	-	(1,054)	-	(1,054)	-	2,557
At 31-03-2013	13,897	10,498	3,357	(18)	22	3,353	27,752
At 01-04-2013	13,897	10,498	3,357	(18)	22	3,353	27,752
Profit for the year	-	6,018	-	-	-	-	6,018
Other comprehensive income							
Deferred tax on revaluation of freehold land and buildings	-	-	(504)	-	-	(504)	(504)
Exchange differences on translating foreign operations	-	-	6	6	-	-	6
Total comprehensive income for the year	-	6,018	(498)	6	-	(504)	5,520
Dividends on ordinary shares	-	(1,817)	-	-	-	-	(1,817)
Expiry warrant	-	2	(2)	-	(2)	-	-
Issuance of ordinary shares pursuant to warrants exercised	67	-	(20)	-	(20)	-	47
At 31-03-2014	13,964	14,701	2,837	(12)	-	2,849	31,502

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.

The Company	Share capital S\$'000	Warrant reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 01-04-2012	10,286	1,076	2,308	13,670
Profit for the year	-	-	7,466	7,466
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	7,466	7,466
Dividends on ordinary shares	-	-	(7,482)	(7,482)
Issuance of ordinary shares pursuant to warrants exercised	3,611	(1,054)	-	2,557
At 31-03-2013	13,897	22	2,292	16,211
At 01-04-2013	13,897	22	2,292	16,211
Profit for the year	-	-	2,487	2,487
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,487	2,487
Dividends on ordinary shares	-	-	(1,817)	(1,817)
Expiry of warrants	-	(2)	2	-
Issuance of ordinary shares pursuant to warrants exercised	67	(20)	-	47
At 31-03-2014	13,964	-	2,964	16,928

- 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.**

Ordinary shares

	Number of shares	S\$'000
Issued and fully paid ordinary shares as at 30 September 2013 and 31 March 2014	121,374,700	13,964

Warrants

On 9 September 2010, the Company issued 28,020,000 warrants ("**Warrants**") ("**Warrants Issue**") at an issue price of S\$0.05 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.10 for each new share, on the basis of three (3) Warrants for every ten (10) existing ordinary shares in the capital of the Company, fractional entitlements to be disregarded. The Warrants had expired on 6 September 2013.

As at 31 March 2014, 27,974,700 Warrants have been exercised and converted into ordinary shares of the Company (31 March 2013: 27,497,700).

As at 31 March 2014, there were no outstanding Warrants (31 March 2013: 522,300); and the total number of shares that may be issued on conversion of all outstanding Warrants is Nil (31 March 2013: 522,300).

Save for the above, there were no treasury shares, outstanding options and/or other convertibles as at 31 March 2014 and 31 March 2013.

- 1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31-03-2014	As at 31-03-2013
Total number of issued shares	121,374,700	120,897,700

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

Not applicable. There were no treasury shares during and as at the end of the current financial year reported on.

- 2 **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures in this announcement have not been audited or reviewed by the Group's auditor.

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

Save as disclosed in paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited financial statements for the financial year ended 31 March 2013.

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 adopted the new/revised Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that are relevant to its operations and are effective for financial periods beginning on or after 1 April 2013. Changes to the Group’s accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the new/revised FRS and INT FRS did not result in any substantial changes to the Group’s and the Company’s accounting policies and has no material impact on the financial statements for the current financial period reported on.

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.

Basic earnings per ordinary share (“EPS”) is computed by dividing the earnings attributable to owners of the Company in each financial period by the weighted average number of ordinary shares in issue during the respective financial periods.

Fully diluted EPS is computed by dividing the earnings attributable to owners of the Company in each financial period by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect upon the exercise of all outstanding Warrants.

EPS after deducting any provision for preference dividends:-	Group Year ended	
	31-03-2014	31-03-2013
(a) Based on weighted average number of ordinary shares in issue (Singapore cents); and	4.97	4.96
(b) On a fully diluted basis (Singapore cents)	4.96	4.28

Number of shares used in the respective computations of EPS:-	Group Year ended	
	31-03-2014	31-03-2013
(a) Based on weighted average number of ordinary shares in issue; and	121,207,965	100,397,323
(b) On a fully diluted basis	121,367,212	116,317,408

- 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	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Net asset value per ordinary share based on issued share capital as at the end of the financial period reported on	S\$0.26	S\$0.23	S\$0.14	S\$0.13
Issued share capital as at the end of the period	121,374,700	120,897,700	121,374,700	120,897,700

- 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.

Revenue

The Group's revenue increased from approximately S\$65.6 million for the financial year ended 31 March 2013 ("FY2013") to approximately S\$68.9 million for the financial year ended 31 March 2014 ("FY2014"), an increase of approximately S\$3.3 million or 5.0%.

Revenue from the retail division increased from approximately S\$64.0 million for FY2013 to S\$67.8 million for FY2014, an increase of approximately S\$3.8 million or 5.9%. The revenue growth was attributable to contributions from new outlets as well as higher receipts from the existing outlets, offset by closure of outlets.

Revenue from other services such as delivery and catering services decreased from approximately S\$1.6 million for FY2013 to S\$1.1 million for FY2014, a decrease of approximately S\$522,000 or 31.9%. The Group initiated a change in our delivery services in October 2012 to accept only bulk orders. This change had contributed to the reduction in revenue from other services.

As at 31 March 2014, the Group operated a total of 80 outlets in Singapore as compared to 76 outlets in 31 March 2013.

The Group's signature puff products remained the major contributor to its revenue and accounted for approximately 31.4% of the Group's revenue in FY2014, as compared to approximately 33.3% in FY2013.

Cost of sales and gross profit

Cost of sales increased from approximately S\$25.3 million in FY2013 to S\$26.0 million in FY2014, an increase of approximately S\$701,000 or 2.8%. The increase was mainly due to the higher revenue generated by the Group. While revenue increased by 5.0%, the cost of sales increased at a lower rate of 2.8%.

The Group's gross profit increased from approximately S\$40.3 million in FY2013 to S\$42.8 million in FY2014, an increase of approximately S\$2.5 million or 6.3%. The Group's gross profit margin increased from approximately 61.4% in FY2013 to 62.2% in FY2014.

The increase in the gross profit margin was mainly due to improved efficiency of production staff and revision of our products' selling prices in December 2012.

Other income

Other income increased from approximately S\$1.0 million in FY2013 to S\$1.1 million in FY2014, an increase of approximately S\$137,000 or 13.6%. The increase was mainly due to the following:

- a) Wage Credit Scheme ("WCS") of approximately S\$161,000 provided by the government in March 2014; and
- b) gain from disposal of motor vehicles of approximately S\$94,000.

The increase in other income was partially offset by lower government grant received from government agencies and lower miscellaneous income from sale of waste oil by approximately S\$131,000 and S\$28,000 respectively.

Operating Expenses

Selling and distribution expenses

Selling and distribution (“S & D”) expenses increased slightly from approximately S\$25.0 million in FY2013 to S\$25.4 million in FY2014, an increase of approximately S\$321,000 or 1.3%. S & D expenses in FY2014 amounted to approximately 36.8% of revenue as compared to approximately 38.2% in FY2013.

The improvement in S & D expenses as a percentage of revenue was largely attributed to the following:-

- a) staff benefits, including salaries and CPF contributions, decreased from approximately 15.6% of revenue in FY2013 to approximately 15.0% in FY2014;
- b) cessation of subcontract riders’ services since October 2012. Subcontract expenses amounted to approximately 0.3% of revenue in FY2013;
- c) advertising and promotion expenses decreased from 0.6% of revenue in FY2013 to 0.4% of revenue in FY2014;
- d) depreciation for outlet renovation and equipment decreased from approximately 2.5% of revenue in FY2013 to approximately 2.3% in FY2014;
- e) provision for reinstatement costs of outlets decreased from 0.7% of revenue in FY2013 to 0.4% in FY2014;
- f) outlet utilities expenses, including water and electricity decreased from 2.1% of revenue in FY2013 to 1.9% of revenue in FY2014; and
- g) lower operating lease expenses, mainly storage charges, from approximately 0.5% in FY2013 to 0.2% in FY2014.

The decrease in S & D expenses as a percentage of revenue was partially offset by an increase in the foreign worker levies contributions from approximately 0.9% of revenue in FY2013 to 1.4% in FY2014.

Administrative expenses

Administrative expenses increased from approximately S\$9.3 million in FY2013 to approximately S\$10.1 million in FY2014, an increase of approximately S\$806,000 or 8.6%.

The increase in administrative expenses was mainly due to the following:

- a) an increase in staff cost, inclusive of executive directors’ remuneration, by approximately S\$631,000;
- b) an increase in insurance expenses by approximately S\$51,000;
- c) an increase in employees’ unconsumed leave and medical expenses by approximately S\$91,000;
- d) an increase in travelling and membership expenses by approximately S\$60,000;
- e) an increase in legal, professional and consultancy expenses by approximately S\$53,000; and
- f) an increase in repair and maintenance and general expenses by approximately S\$54,000.

The increase in administrative expenses was partially offset by decreases in stamp duties, donation and sponsorship expenses which amounted to approximately S\$122,000.

Other expenses

Other expenses increased by approximately S\$358,000 or 42.6% from S\$841,000 in FY2013 to S\$1.2 million in FY2014, mainly due to the following:

- a) allowance for doubtful debts for amount due from an associated company, amounting to approximately S\$533,000; and

- b) lower foreign exchange gain of approximately S\$103,000 pursuant to revaluation loss of RM-denominated loans to our Malaysian associated company and subsidiary company, partially offset by revaluation gain on purchases in Thai Baht.

The increase in other expenses was partially offset by a decrease in fixed assets written off of approximately S\$210,000 mainly due to a decrease in the closure and relocation of retail outlets in FY2014, as compared to FY2013, and the absence of a one-off revaluation deficit amounting to S\$76,000 for our factory facility in FY2013.

As a result of the above, total operating expenses increased from approximately S\$35.3 million in FY2013 to approximately S\$36.8 million in FY2014, an increase of approximately S\$1.5 million or 4.3%. Total operating expenses amounted to approximately 53.4% of revenue in FY2014 and 53.7% in FY2013 respectively.

Depreciation

Depreciation decreased by approximately S\$107,000 or 3.0% in FY2014 as compared to FY2013. The decrease was mainly due to lower depreciation for leasehold improvement expenses in FY2014 by approximately S\$176,000, as compared to FY2013, partially offset by an increase in depreciation of plant and equipment of approximately S\$69,000.

Finance costs

Finance cost increased by approximately S\$29,000 due to interest expenses on loans taken to finance the purchase of factory facilities.

Gain on disposal of Property, Plant and Equipment

The increase was mainly due to gain from disposal of motor vehicles of approximately S\$94,000.

Profit before tax

The Group's profit before tax increased from approximately S\$6.1 million in FY2013 to approximately S\$7.2 million in FY2014, an increase of approximately S\$1.2 million or 19.5%.

Taxation

The Group's taxation expenses increased from approximately S\$1.1 million for FY2013 to S\$1.3 million for FY2014, an increase of approximately S\$144,000 or 13.3%. The increase was mainly due to higher profit before tax in FY2014 as compared to FY2013.

Balance Sheet

Non-current assets

The Group's non-current assets increased by approximately S\$2.9 million or 14.1% from S\$20.7 million as at 31 March 2013 to S\$23.6 million as at 31 March 2014, mainly due to the following:

- a) purchase of fixed assets and provision of leasehold improvement, amounting to approximately S\$6.3 million, mainly for additions of plant and equipment and renovation costs capitalised for the Group's new and existing retail outlets and construction of our new factory; and
- b) an increase in long term deposits by approximately S\$185,000 mainly due to additional lease deposits paid to secure new outlets, partially offset by
- c) depreciation expenses for the Group and fixed assets written off for closed retail outlets of approximately S\$3.5 million and S\$17,000 for FY2014 respectively.

Current assets

The Group's current assets increased by approximately S\$2.9 million or 14.6% from S\$20.0 million as at 31 March 2013 to S\$22.9 million as at 31 March 2014, mainly due to the following:

- (a) an increase in short-term deposits of approximately S\$284,000 mainly due to the reclassification of lease deposits from long term to short term due to lease deposits due for renewal in the next 12 months; and

- (b) an increase in cash and bank balances by approximately S\$3.7 million mainly due to cash inflow from operating activities, partially offset by purchase of property, plant and equipment and dividends paid during FY2014.

The increase in the Group's current assets was partially offset by:

- (a) a decrease in inventories of approximately S\$184,000 mainly due to lower bulk purchase from overseas suppliers during FY2014;
- (b) a decrease in amount due from associated companies of approximately S\$331,000 due to full allowance of doubtful debts for amount due from our Malaysian associated company during the year; and
- (c) a decrease in prepayment of approximately S\$465,000 mainly due to a decrease in advance payments made to suppliers and contractors and a shorter renewal contract period for computer maintenance contracts.

Current liabilities

The Group's current liabilities increased by approximately S\$1.3 million or 14.1% from approximately S\$8.9 million as at 31 March 2013 to approximately S\$10.2 million as at 31 March 2014 mainly due to the following:

- i) an increase in trade and other payables of approximately S\$979,000 mainly due to an increase in period-end billings by our trade suppliers and contractors for outlet renovations;
- ii) an increase in provisions of approximately S\$134,000 mainly due to additional provision of reinstatement cost for new outlets and provision of unconsumed leave;
- iii) an increase in bank loans of approximately S\$85,000 mainly to finance the renovation of a new factory facility in Malaysia and reclassification of banks loans from long-term to short-term in accordance with the loan repayment periods, partially offset by loan repayments during FY2014; and
- iv) an increase in provision for tax by approximately S\$126,000 due to tax provision for FY2014 of approximately S\$1.4 million, partially offset by tax payments made of approximately S\$1.2 million.

The increase in the Group's current liabilities was partially offset by a decrease in short term finance lease liabilities of approximately S\$72,000 mainly due to repayments made during the period, partially offset by reclassifications of finance lease liabilities from long term to short term.

Non-current liabilities

The Group's non-current liabilities increased by approximately S\$827,000 or 20.6% from approximately S\$4.0 million as at 31 March 2013 to approximately S\$4.8 million as at 31 March 2014, mainly due to the following:-

- i) an increase in bank loan of approximately S\$418,000 mainly to finance the renovation of the new factory facility in Malaysia, partially offset by reclassification of banks loans from long-term to short-term in accordance with the loan repayment periods ;
- ii) an increase in deferred tax liabilities of approximately S\$435,000 mainly due to deferred tax liability of approximately S\$504,000 for revaluation gain on our factory facilities, offset by a decrease in other deferred tax liabilities of approximately S\$69,000 during FY2014.

The increase in the Group's non current liabilities was partially offset by reclassification of finance lease liabilities of approximately S\$128,000 from long term to short term according to the lease repayment periods, offset by a new finance lease of approximately S\$102,000 for the purchase of a motor vehicle.

Net working capital

As at 31 March 2014, the Group had a positive net working capital of approximately S\$12.7 million as compared to approximately S\$11.1 million as at 31 March 2013.

Cash flow

In 31 March 2014, the Group generated an operating profit before working capital changes of approximately S\$11.3 million. Net cash generated from operating activities amounted to approximately S\$11.2 million.

The net cash inflow from working capital changes comprised mainly:

- a) a decrease in inventories and prepayment by approximately S\$184,000 and S\$465,000 respectively;
- b) a decrease in trade and other receivables of approximately S\$106,000;
- c) an increase in trade and other payables of approximately S\$979,000; and
- d) a decrease in provision of approximately S\$27,000; partially offset by
- e) an increase in deposits and amount due from associated companies of S\$469,000 and S\$202,000 respectively.

In FY2014, net cash used in investing activities amounted to approximately S\$5.9 million. This was mainly attributable to renovation costs capitalised and the purchase of plant and equipment for the Group's new factory and retail outlets.

Net cash used in financing activities amounted to approximately S\$1.6 million in FY2014. This was mainly attributable to final dividends paid in FY2014 amounting to approximately S\$1.8 million, and repayments of bank loan and finance lease liabilities including interest of an aggregate of S\$635,000, partially offset by proceeds from the issuance of ordinary shares of approximately S\$47,000 pursuant to warrants exercised in FY2014 and bank loan of approximately S\$854,000 drawn down for renovation of the Group's new factory in Malaysia.

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

Not applicable. No forecast or prospect statement had 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 Group expects operating lease expenses (rental) and labour and raw material costs to remain high in the next reporting period and the next 12 months, and believes that the labour market will continue to remain tight.

11 Dividend.

(a) Current financial period reported on.

Whether an interim (final) ordinary dividend has been declared (recommended) for the current financial period reported on?

The Directors proposed to declare dividends for the current financial period reported on as follows:

Name of Dividend	: Ordinary (final)
Dividend Type	: Cash
Dividend per share	: 1.5 cent per ordinary share
Tax Rate	: Tax exempt (one-tier)

(b) Corresponding period of the immediately preceding financial year.

Name of Dividend	: Ordinary (final)
Dividend Type	: Cash
Dividend per share	: 1.5 cent per ordinary share
Tax Rate	: Tax exempt (one-tier)

Name of Dividend	: Special (interim)
Dividend Type	: Cash
Dividend per share	: 5 cents per ordinary share
Tax Rate	: Tax exempt (one-tier)

(c) Date payable.

To be announced at a later date

(d) Books closure date.

To be announced at a later date

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

Not applicable.

13 Interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

There were no interested person transactions of S\$100,000 or more for the current financial year ended 31 March 2014. The Company does not have a general mandate from its shareholders for recurrent interested person transactions.

14 Update on use of exercise proceeds from Warrants Issue (“Exercise Proceeds”).

As of 29 May 2014, the Exercise Proceeds amounting to S\$2,749,770, which had been set aside for repayment of the Group’s borrowings, investment purposes including but not limited to new business opportunities, funding of working capital requirements such as inventories and trade receivables and/or such other purposes as the Directors may deem fit, have not been utilised. The Company will continue to make periodic announcements on the use of the Exercise Proceeds as and when such proceeds are materially disbursed.

15 Update on use of initial public offering proceeds.

As of 29 May 2014, there is an unutilised balance of the initial public offering proceeds amounting to S\$227,000 which had been set aside for expansion through strategic alliances, acquisitions, joint ventures and franchises. The portion of the initial public offering proceeds that had been utilised were in accordance with their stated uses. The Company will continue to make periodic announcements on the use of the balance of the initial public offering proceeds as and when such proceeds are materially disbursed.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16 **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.**

	Singapore	People's Republic of China	Australia	Malaysia	Eliminations	Total
Period ended 31 March 2014	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
Sales	68,634	-	273	-	(20)	68,887
Results:						
Segment results	11,025	(2)	(140)	(62)	-	10,821
Depreciation	(3,454)	-	(35)	(3)	-	(3,492)
Amortisation	(19)	-	-	-	-	(19)
Finance costs	(64)	-	-	(2)	-	(66)
Profit/(loss) before taxation	7,487	(2)	(175)	(67)	-	7,244
Taxation						(1,226)
Profit, net of tax						6,018
Other segment information:						
Segment assets	43,091	5	193	3,147	-	46,436
Capital expenditure:						
- Tangible assets	6,051	-	5	265	-	6,321
- Intangible assets	6	-	-	-	-	6

	Singapore	People's Republic of China	Australia	Malaysia	Eliminations	Total
Year ended 31 March 2013	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
Sales	65,328	-	325	-	(22)	65,631
Results:						
Segment results	9,965	(26)	(120)	(94)	-	9,725
Depreciation	(3,561)	-	(38)	-	-	(3,599)
Amortisation	(26)	-	-	-	-	(26)
Finance costs	(37)	-	-	-	-	(37)
Profit/(loss) before taxation	6,341	(26)	(158)	(94)	-	6,063
Taxation						(1,082)
Profit, net of tax						4,981
Other segment information:						
Segment assets	38,380	4	259	2,062	-	40,705
Capital expenditure:						
- Tangible assets	6,479	-	-	21	-	6,500
- Intangible assets	1	-	-	-	-	1

The Group is principally engaged in the manufacture and distribution of food products. As such, the Group has not presented a breakdown of segment information by operating segments.

17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

The Group operates predominantly in Singapore and material changes in contributions to turnover and earnings have been explained in Paragraph 8 above.

The Group's overseas operations accounted for less than 1% of the Group's revenue for the financial year ended 31 March 2014 and as such, these operations do not contribute significantly to the Group's turnover and earnings.

18 A breakdown of sales.

	The Group Year Ended		
	31-03-2014	31-03-2013	Increase / (Decrease)
	S\$'000	S\$'000	%
Sales reported for first half year	34,854	32,211	8.2
Operating profit after tax before deducting minority interests reported for first half year	3,695	1,976	87.0
Sales reported for second half year	34,033	33,420	1.8
Operating profit after tax before deducting minority interests reported for second half year	2,323	3,005	(22.7)

19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	The Company Year Ended	
	31-03-2014	31-03-2013
	S\$'000	S\$'000
Ordinary	1,821*	1,817
Special	-	6,045
Preference	-	-
Total	1,821	7,862

*The final dividends for the current financial year ended 31 March 2014 is recommended by the Board of Directors and is subject to the approval of the shareholders at the upcoming Annual General Meeting of the Company.

- 20 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.

Name	Age	Family relationship with any director or chief executive officer or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chow Phee Liat	45	<ol style="list-style-type: none"> 1. Nephew of Executive Chairman, Han Keen Juan. 2. Nephew of substantial shareholder, Mdm Ng Choi Hong. Mdm Ng is the spouse of Executive Chairman, Han Keen Juan. 3. Cousin of Chief Executive Officer, Lim Tao-E William. 4. Brother of Executive Director and Deputy Chief Executive Officer, Chow Hui Shien. 	Franchise and Logistics Manager, overseeing franchise operations of the Group since April 2005, and logistics operations of the Group since January 2010	No change

BY ORDER OF THE BOARD

Adrian Chan Pengee
Company Secretary

29 May 2014

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") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "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.

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