



RE&S HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201714588N)

Unaudited Financial Statements

For the second quarter and half year ended 31 December 2017

RE&S Holdings Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 22 November 2017. The initial public offering of the Company (the “**IPO**”) was sponsored by DBS Bank Ltd. (the “**Sponsor**” or “**DBS Bank**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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Background

The Company was incorporated on 26 May 2017 in Singapore under the Singapore Companies Act as a company limited by shares under the name of “RE&S Enterprises Holdings Pte. Ltd.”. On 31 July 2017, the Company was renamed “RE&S Holdings Pte. Ltd.”. The Company was converted into a public limited company and renamed “RE&S Holdings Limited” on 8 November 2017.

The Group comprising the Company and its subsidiaries (the “**Group**”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of a corporate reorganisation implemented for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 15 November 2017 (“**Offer Document**”) for further details on the Restructuring Exercise.

The Group is a concept owner and operator of F&B Outlets that provides customers with authentic Japanese cuisine and dining experiences. The Group’s business is undertaken primarily through two business segments, namely the Full-Service Restaurants and the Quick-Service Restaurants, Convenience and Others.

For the purpose of this announcement, the results of the Group for the second quarter ended 31 December 2017 (“**2Q FY2018**”) with the comparative results of the Group for the second quarter ended 31 December 2016 (“**2Q FY2017**”) and the six-month period ended 31 December 2017 (“**1H FY2018**”) with the comparative results of the Group for the six-month period ended 31 December 2016 (“**1H FY2017**”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 July 2016.

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

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 Profit Or Loss And Other Comprehensive Income

	Group			Group		
	Unaudited	Unaudited	Increase / (decrease)	Unaudited	Unaudited	Increase / (decrease)
	2Q FY2018 S\$'000	2Q FY2017 S\$'000	%	1H FY2018 S\$'000	1H FY2017 S\$'000	%
Revenue	36,961	35,908	2.9%	71,674	71,398	0.4%
Raw materials and consumables used	(10,568)	(10,395)	1.7%	(19,969)	(20,526)	(2.7%)
Changes in inventories	653	260	151.2%	397	347	14.4%
Other operating income	114	255	(55.3%)	273	486	(43.8%)
Employee benefits expense	(12,170)	(11,861)	2.6%	(24,085)	(24,026)	0.2%
Operating lease expenses	(6,144)	(6,148)	(0.1%)	(12,259)	(12,399)	(1.1%)
Utilities expenses	(988)	(953)	3.7%	(2,000)	(1,911)	4.7%
Depreciation expense	(2,129)	(1,946)	9.4%	(4,216)	(3,873)	8.9%
Other expenses ⁽¹⁾	(3,801)	(3,265)	16.4%	(6,896)	(5,839)	18.1%
Finance costs	(95)	(78)	21.8%	(191)	(162)	17.9%
Profit before income tax⁽¹⁾	1,833	1,777	3.2%	2,728	3,495	(21.9%)
Income tax expense	(746)	(396)	88.4%	(955)	(780)	22.4%
Profit net of income tax	1,087	1,381	(21.3%)	1,773	2,715	(34.7%)
Other comprehensive income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(12)	(7)		13	1	
Total comprehensive income	1,075	1,374		1,786	2,716	
Profit attributable to owners of the company, net of income tax	1,087	1,381	(21.3%)	1,773	2,720	(34.8%)
Loss attributable to non-controlling interest, net of income tax	-	-	N.M.	-	(5)	N.M.
Profit net of income tax	1,087	1,381	(21.3%)	1,773	2,715	(34.7%)

N.M.: Not Meaningful

Note:

(1) Other expenses for 2Q FY2018 and 1H FY2018 included one-off IPO expenses of S\$1.0 million which are non-tax deductible.

- 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 Profit Or Loss And Other Comprehensive Income (cont'd)

	Group			Group		
	Unaudited	Unaudited	Increase / (decrease)	Unaudited	Unaudited	Increase / (decrease)
	2Q FY2018	2Q FY2017		1H FY2018	1H FY2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total comprehensive income attributable to owners of the Company	1,075	1,374		1,786	2,721	
Total comprehensive loss attributable to non-controlling interest	-	-		-	(5)	
Total comprehensive income	1,075	1,374		1,786	2,716	

- 1(a) (ii) Profit before income tax is arrived at after charging / (crediting) the following:

	Group			Group		
	Unaudited	Unaudited	Increase/ (decrease)	Unaudited	Unaudited	Increase/ (decrease)
	2Q FY2018	2Q FY2017		1H FY2018	1H FY2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Government grant	(67)	(217)	(69.1%)	(166)	(395)	(58.0%)
Other income	(39)	(37)	5.4%	(95)	(90)	5.6%
Depreciation expense	2,129	1,946	9.4%	4,216	3,873	8.9%
Plant and equipment written off	6	305	(98.0%)	384	364	5.5%
Initial public offering expenses ("IPO")	1,005	-	N.M.	1,005	-	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.

Consolidated Statements of Financial Position

	Group		Company	
	Unaudited	Audited	Unaudited	Unaudited
	31.12.2017	30.06.2017	31.12.2017	30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment,	42,019	42,500	-	-
Investment in subsidiaries	-	-	21,636	-
Deferred tax assets	-	37	-	-
Other assets, non-current	6,084	6,070	10,419	-
Total non-current assets	48,103	48,607	32,055	-
Current assets				
Inventories	2,927	2,782	-	-
Trade and other receivables	2,369	1,055	-	-
Other assets, current	1,325	2,071	20	-
Cash and cash equivalents	10,183	4,160	-	-
Total current assets	16,804	10,068	20	-
Total assets	64,907	58,675	32,075	-
Equity and liabilities				
Share capital	32,307	2,800	32,307	-
Merger reserve ⁽¹⁾	(18,149)	-	-	-
Retained earnings	19,696	21,922	(270)	-
Foreign currency translation reserve	(15)	(27)	-	-
Total equity	33,839	24,695	32,037	-
Non-current liabilities				
Deferred taxation	1,712	1,749	-	-
Provision, non-current	1,666	1,760	-	-
Other financial liabilities, non-current	11,322	11,993	-	-
Total non-current liabilities	14,700	15,502	-	-

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 (cont'd)

	Group		Company	
	Unaudited 31.12.2017	Audited 30.06.2017	Unaudited 31.12.2017	Unaudited 30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities				
Income tax payable	1,646	1,431	-	-
Trade and other payables, current	10,741	11,759	38	-
Other financial liabilities, current	3,873	5,173	-	-
Other liabilities	108	115	-	-
Total current liabilities	16,368	18,478	38	-
Total Liabilities	31,068	33,980	38	-
Total Equity and liabilities	64,907	58,675	32,075	-

Note:

- (1) The negative merger reserve relates to the difference between the consideration paid by the Company and the equity of R E & S Enterprises Pte Ltd acquired in relation to the restructuring exercise undertaken in relation to the listing of the Company on the Catalist Board of the SGX-ST ("**Restructuring Exercise**"). The acquisition of R E & S Enterprises Pte Ltd by the Company was completed on 26 October 2017.

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

	Group Unaudited		Group Audited	
	31.12.2017		30.06.2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(A) Amount repayable in one year or less, or on demand;	2,873	1,000	4,173	1,000
(B) Amount repayable after one year	11,322	-	11,993	-
	<u>14,195</u>	<u>1,000</u>	<u>16,166</u>	<u>1,000</u>

Details of any collaterals:

The banking facilities of the Group as at 31 December 2017 comprise short term and long term loans. These facilities are secured by:

- (i) Personal guarantees from the directors; and
- (ii) A legal mortgage of the Company's leasehold factory building (for the bank loans and overdraft).

Note: As at the date of this announcement, the Group is in the midst of converting the personal guarantees provided by our Executive Director and President, Mr Hiroshi Tatara and our Executive Director and CEO, Mr Yek Hong Liat for the banking facilities and the security bonds to corporate guarantees from the Company.

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 Statement of Cash Flows

	Group		Group	
	Unaudited 2Q FY2018 S\$'000	Unaudited 2Q FY2017 S\$'000	Unaudited 1H FY2018 S\$'000	Unaudited 1H FY2017 S\$'000
Cash flows from operating activities:				
Profit before tax	1,833	1,777	2,728	3,495
Adjustments for:				
Interest income	(8)	0*	(12)	(1)
IPO expense	1,005	-	1,005	-
Interest expense	95	78	191	162
Plant and equipment written off	6	305	384	364
Depreciation of property, plant and equipment	2,129	1,946	4,216	3,873
Loss on disposal of plant and equipment	-	4	-	14
Net effect of exchange rate changes in consolidating foreign operations	(15)	10	14	5
Operating cash flows before changes in working capital	5,045	4,120	8,526	7,912
Inventories	(402)	(64)	(145)	(151)
Trade and other receivables, current	(715)	(395)	(1,314)	(325)
Reinstatement cost utilised	(10)	(63)	(94)	(110)
Trade and other payables, current	(1,237)	(1,049)	(1,018)	(887)
Other assets	499	404	732	556
Other liabilities	(3)	-	(7)	-
Net cash flows from operations	3,177	2,953	6,680	6,995
Income tax (paid) refund	(757)	251	(740)	(23)
Net cash flows from operating activities	2,420	3,204	5,940	6,972
Cash flows from investing activities:				
Purchase of plant and equipment	(1,418)	(1,004)	(4,484)	(2,148)
Disposal of plant and equipment	-	0*	364	2
Acquisition of non-controlling interest	-	-	0*	-
Interest received	8	0*	12	1
Net cash flows used in investing activities	(1,410)	(1,003)	(4,108)	(2,145)
Cash flows from financing activities:				
Decrease in other financial liabilities	(983)	(464)	(1,971)	(929)
IPO expense paid	(1,527)	-	(1,527)	-
Gross proceeds from issuance of new shares pursuant to IPO	11,880	-	11,880	-
Dividend paid	(4,000)	(1,960)	(4,000)	(1,960)
Interest paid	(95)	(78)	(191)	(162)
Net cash flows from (used in) financing activities	5,275	(2,502)	4,191	(3,051)
Net increase (decrease) in cash and cash equivalents	6,285	(301)	6,023	1,776
Cash and cash equivalents at beginning of year	3,736	8,851	3,998	6,774
Cash and cash equivalents at end of year	10,021	8,550	10,021	8,550

* - Less than S\$1,000

Notes to Statement of Cash Flows:

Cash and cash equivalents in the statement of financial position	10,183	8,712	10,183	8,712
Cash restriction in use over 3 months	(162)	(162)	(162)	(162)
Cash and cash equivalents as shown above	10,021	8,550	10,021	8,550

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 S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Group (Unaudited)					
Balance as at 1 July 2017	2,800	-	(27)	21,922	24,695
Total comprehensive income for the year	-	-	12	1,774	1,786
Issuance of shares pursuant to the acquisition of subsidiary as part of the restructuring exercise	20,949	-	-	-	20,949
Share swap pursuant to the restructuring exercise	(2,800)	(18,149)	-	-	(20,949)
Issuance of new shares pursuant to IPO	11,880	-	-	-	11,880
Capitalisation of IPO expenses	(522)	-	-	-	(522)
Dividends paid	-	-	-	(4,000)	(4,000)
		-			
Balance as at 31 December 2017	32,307	(18,149)	(15)	19,696	33,839

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 (Cont'd)

	Share capital S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Attributable to parent S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
Group (Unaudited)						
Balance as at 1 July 2016	2,800	(41)	30,100	32,859	(371)	32,488
Total comprehensive income for the year	-	1	2,715	2,716	-	2,716
Acquisition of a non-controlling interest without a change in control	-	-	(376)	(376)	376	-
Dividend paid	-	-	(1,960)	(1,960)	-	(1,960)
Balance as at 31 December 2016	2,800	(40)	30,479	33,239	5	33,244

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 (Cont'd)

	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Company (Unaudited)			
Balance as at date of incorporation, 26 May 2017	0 *	-	0 *
Balance as at 1 July 2017	0 *	-	0 *
Total comprehensive income for the year	-	(270)	(270)
Issuance of shares pursuant to the acquisition of subsidiary as part of the restructuring exercise	20,949	-	20,949
Issuance of new shares pursuant to IPO	11,880	-	11,880
Capitalisation of IPO expenses	(522)	-	(522)
Balance as at 31 December 2017	32,307	(270)	32,037

* - Less than S\$1,000

- 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 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	Issued and paid-up capital
At date of incorporation, 26 May 2017 ⁽¹⁾ and balance as at 30 June 2017	100	100
Acquisition of subsidiary satisfied through share swap as adjusted for the Share Split	299,999,900	20,949,018
	<u>300,000,000</u>	<u>20,949,118</u>
Issuance of new shares pursuant to IPO	54,000,000	11,880,000
Capitalisation for IPO expenses	-	(521,729)
Balance as at 31 December 2017	<u>354,000,000</u>	<u>32,307,389</u>

Note:-

- (1) As at the date of incorporation, 26 May 2017, the Company had 100 shares with issued and paid-up capital of S\$100.

The Company has no treasury shares or convertible instruments as at 31 December 2017 and 31 December 2016.

- 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.**

	Unaudited 31.12.2017	Audited 30.06.2017
Total number of issued shares	354,000,000	100

- 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.**

The Company did not have any treasury shares during, and at the end of, the 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.**

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).

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.

Same as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 30 June 2017.

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 applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 July 2017. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

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			
	Unaudited 2Q FY2018	Unaudited 2Q FY2017	Unaudited 1H FY2018	Unaudited 1H FY2017
<u>Earnings per share ("EPS")</u>				
Profit attributable to owners of the Company (S\$'000)	1,087	1,381	1,773	2,720
(i) Based on weighted average number of ordinary shares in issue ('000)	354,000	354,000	354,000	354,000
(ii) On a basic and diluted basis (Singapore cents per share)	0.31	0.39	0.50	0.77

Note:-

- (1) For comparatives purposes, the EPS for the respective financial periods have been computed based on the profit attributable to owners of the Company and share capital of 354,000,000 shares assuming that the Restructuring Exercise and the issuance of 54,000,000 new shares pursuant to the IPO had been completed as at 1 July 2016.

The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 December 2016 and 31 December 2017.

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	
	31.12.2017	30.06.2017	31.12.2017	30.06.2017
Net asset value (" NAV ") (S\$'000)	33,839	24,695	32,037	-
Number of ordinary shares in issue ('000)	354,000	354,000	354,000	N.M.
Net asset value per ordinary share (Singapore cents per share)	9.56	6.98	9.05	-

Note:-

- (1) For comparatives purposes, the NAV per ordinary share for the respective financial periods have been computed based on the share capital of 354,000,000 shares assuming that the Restructuring Exercise and the issuance of 54,000,000 new shares pursuant to the IPO had been completed as at 1 July 2016.

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 affect the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Consolidated Statement of Comprehensive Income
2Q FY2018 compared to 2Q FY2017

	Group Unaudited		Increase/ (decrease) %	Group Unaudited		Increase/ (decrease) %
	2Q	2Q		1H	1H	
	FY2018	FY2017		FY2018	FY2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Full-Service Restaurants	26,404	27,095	(2.6%)	51,372	53,934	(4.8%)
Quick-Service Restaurants, Convenience and Others	10,557	8,813	19.8%	20,302	17,464	16.3%
	<u>36,961</u>	<u>35,908</u>		<u>71,674</u>	<u>71,398</u>	

Revenue

The Group's revenue increased by 2.9%, or approximately S\$1.1 million, from S\$35.9 million in 2Q FY2017 to S\$37.0 million in 2Q FY2018, mainly due to an increase in the revenue from our Quick-Service Restaurants, Convenience and Others segment of approximately S\$1.7 million, from S\$8.8 million to S\$10.6 million. This was mainly attributable to the opening of a Japanese food alley. This increase in revenue more than offset the slight decline in revenue from our Full-Service Restaurants segment of approximately S\$0.7 million.

Raw materials and consumables used

Our raw materials and consumables used comprise mainly beverages and food ingredients required for the preparation of food items sold at our F&B outlets. Some examples of our key food ingredients include seafood, meat, poultry, vegetables and fruits.

Consolidated Statement of Comprehensive Income (cont'd)
2Q FY2018 compared to 2Q FY2017 (cont'd)

The raw materials and consumables used (taking into account the changes in closing inventories) as a percentage of revenue, fell slightly from 28.2% in 2Q FY2017 to 26.8% in 2Q FY2018, largely attributable to decrease in average salmon price.

Other operating income

Other operating income decreased by 55.3% or approximately S\$0.1 million, mainly due to a decrease in government grants.

Depreciation expense

Depreciation expense increased by 9.4%, or approximately S\$0.2 million, from S\$1.9 million in 2Q FY2017 to S\$2.1 million in 2Q FY2018, mainly due to renovation of several of our F&B outlets, as well as the addition of kitchen equipment and furniture and fittings for existing and new F&B outlets.

Other expenses

Other expenses increased by 16.4%, or approximately S\$0.5 million, from S\$3.3 million in 2Q FY2017 to S\$3.8 million in 2Q FY2018, mainly due to one-off IPO expenses of approximately S\$1.0 million. Excluding the impact of these one-off IPO expenses, other expenses declined by 14.4% to S\$2.8 million compared to 2Q FY2017. It was mainly due to the write-off of fixed assets amounting to S\$0.3 million in 2Q FY2017 in relation to the closure of a restaurant.

Finance cost

Finance cost increased by 21.8%, or approximately S\$0.02 million, from S\$0.08 million in 2Q FY2017 to S\$0.1 million in 2Q FY2018, mainly due to drawn down of a new term loan in April 2017.

Profit before tax

Profit before tax increased by 3.2%, or approximately S\$0.06 million, from S\$1.78 million in 2Q FY2017 to S\$1.83 million in 2Q FY2018.

Income tax expense

Income tax expense increased by 88.4%, or approximately S\$0.35 million, from S\$0.40 million in 2Q FY2017 to S\$0.75 million in 2Q FY2018. It was mainly due to non tax-deductibility of IPO expenses and expenses for write-off of fixed assets.

Profit net of income tax

As a result of the foregoing, the Group's net profit after tax decreased by 21.3% or approximately S\$0.3 million, from S\$1.4 million in 2Q FY2017 to S\$1.1 million in 2Q FY2018. Excluding the one-off IPO expenses of approximately S\$1.0 million, the Group recorded a net profit after tax of S\$2.1 million in 2Q FY2018, or a 51.5% increase compared to 2Q FY2017.

1H FY2018 compared to 1H FY2017

Revenue

The Group's revenue for 1H FY2018 remained stable at approximately S\$72 million compared to 1H FY2017.

The Group's continuing efforts in growing its Quick-Service Restaurants, Convenience and Others segment resulted in a significant increase of 16.3% in revenue contribution from this segment, from S\$17.5 million in 1H FY2017 to S\$20.3 million in 1H FY2018.

The growth in revenue was mainly attributable to the opening of a Japanese food alley. This increase in revenue more than offset the decline in revenue from our Full-Service Restaurants segment of approximately S\$2.6 million..

Raw materials and consumables used

The raw materials and consumables used (taking into account the changes in closing inventories) as a percentage of revenue, fell slightly from 28.3% in 1H FY2017 to 27.3% in 1H FY2018, largely attributable to a decrease in average salmon prices.

Other operating income

Other operating income declined 43.8% to S\$0.2 million, mainly due to a decrease in government grants.

Depreciation expense

Depreciation expense increased by 8.9%, or approximately S\$0.3 million, from S\$3.9 million in 1H FY2017 to S\$4.2 million in 1H FY2018, mainly due to renovation of several of our F&B outlets, as well as the addition of kitchen equipment and furniture and fittings for existing and new F&B outlets.

Consolidated Statement of Comprehensive Income (cont'd)
1H FY2018 compared to 1H FY2017(cont'd)

Other expenses

Other expenses increased by 18.1%, or approximately S\$1.1 million, from S\$5.8 million in 1H FY2017 to S\$6.9 million in 1H FY2018, mainly due to one-off IPO expenses of approximately S\$1.0 million and write-off of fixed assets. Excluding the impact of these IPO expenses and expenses related to fixed assets written off, other expenses remained constant compared to 1H FY2017.

Finance cost

Finance cost increased by 17.9%, or approximately S\$0.03 million, from S\$0.16 million in 1H FY2017 to S\$0.19 million in 1H FY2018, mainly due to drawn down of a new term loan in April 2017.

Profit before tax

Profit before tax decreased by 21.9%, or approximately S\$0.8 million, from S\$3.5 million in 1H FY2017 to S\$2.7 million in 1H FY2018, mainly due to the one-off IPO expenses of S\$1.0 million.

Income tax expense

Income tax expense increased by 22.4%, or approximately S\$0.2 million, from S\$0.8 million in 1H FY2017 to S\$1.0 million in 1H FY2018. It was mainly due to non-tax deductibility of IPO expenses and expenses for write-off of fixed assets.

Profit net of income tax

As a result of the foregoing, the Group's net profit after tax decreased by 34.7% or approximately S\$0.9 million, from S\$2.7 million in 1H FY2017 to S\$1.8 million in 1H FY2018. Excluding the one-off IPO expenses of approximately S\$1.0 million, our net profit margin remained constant at 3.8% and 3.9% for 1H FY2017 and 1H FY2018 respectively.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2017 and 30 June 2017.

Non-current assets

The Group's non-current assets decreased by S\$0.5 million from S\$48.6 million as at 30 June 2017 to S\$48.1 million as at 31 December 2017 primarily due to a decrease in property, plant and equipment of S\$0.5 million. The decrease in property, plant and equipment was mainly due to assets written off.

Other assets, non-current mainly comprise the non-current portion of refundable deposits placed with the lessors for the leases of our outlets which are due in more than one year and recoverable upon termination or expiration of the leases, amounting to S\$6.1 million.

Current assets

The Group's current assets increased by S\$6.7 million from S\$10.1 million as at 30 June 2017 to S\$16.8 million as at 31 December 2017 mainly due to an increase in cash and cash equivalents and trade debtors and other receivables of S\$6.0 million and S\$1.3 million respectively.

The increase in cash and cash equivalents was mainly due to the net proceeds from issuance of new shares pursuant to the IPO of S\$10.4 million, partially offset by the payment of the interim dividend amounting to an aggregate of S\$4.0 million declared on 2 October 2017 by RE&S Enterprises Pte Ltd, our wholly owned subsidiary, paid to the then existing shareholders.

Non-Current Liabilities

The Group's non-current liabilities decreased by S\$0.8 million from S\$15.5 million as at 30 June 2017 to S\$14.7 million as at 31 December 2017 primarily due to a decrease in other financial liabilities of S\$0.7 million due to repayment of loans.

Current Liabilities

The Group's current liabilities decreased by S\$2.1 million from S\$18.5 million as at 30 June 2017 to S\$16.4 million as at 31 December 2017. This was mainly attributable to a decrease in other financial liabilities of S\$1.3 million due to repayment of loans and a decrease in other payable of S\$1.0 million mainly due to payment of bonus for FY2017 in December 2017, partially offset by an increase in income tax payable amounting to S\$0.2 million.

Consolidated Statements of Cash Flows

The Group generated net cash of S\$2.4 million from operating activities in 2Q 2018, mainly due to operating cash flows before changes in the working capital of S\$5.0 million, partially offset by net working capital outflows of S\$1.9 million and income taxes paid of S\$0.8 million. The net working capital outflows were due to

Consolidated Statements of Cash Flows (cont'd)

(i) a decrease in trade payables of S\$1.2 million; and (ii) an increase in trade and other receivables of S\$0.7 million.

Net cash flows used in investing activities during 2Q FY2018 amounted to S\$1.4 million, mainly attributable to the renovation of new outlets and the purchase of plant and equipment.

Net cash flows generated from financing activities amounted to S\$5.3 million during 2Q FY2018, mainly due to the IPO proceeds of S\$11.9 million, partially offset by (i) repayment of bank borrowings amounting to S\$1.0 million; (ii) dividends paid to the then existing shareholders of subsidiaries of S\$4.0 million; and (iii) IPO expenses of S\$1.5 million.

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

Not applicable as no specific forecast or a prospect statement has been issued previously.

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 challenges in the food and beverage (“F&B”) industry are expected to persist, given intensifying competition and higher cost pressures posed by a tighter labour and rental market. Nonetheless, the Group remains committed in expanding its businesses both organically and through strategic acquisitions, joint ventures or alliances while seeking to streamline operations and cut costs.

For the Singapore operations, the Group opened a new Ichiban Sushi outlet at West Mall during December last year, with plans to add another outlet at Compass One by February this year. Other than the Full-Service Restaurants, the Quick-Service, Convenience and Others segment is another key area for the Group. The Group will explore opportunities to expand its network of Food Retail Outlets.

On the cost front, the Group will continue to improve operational efficiencies by further streamlining its production process at its F&B outlets. Together with support from its central kitchen, the Group seeks to obtain greater manpower utilisation and improve productivity in its businesses.

The Group’s initial public offering (“IPO”) in November 2017 had significantly bolstered its balance sheet and enhanced its positioning as a leading concept owner and operator of authentic Japanese cuisine and dining experiences. The Group’s strong understanding of the local market, coupled with its deep knowledge of the Japanese food culture and wide network in the Japanese F&B industry would position the Group favourably to meet the ever changing needs of its consumers. Through its multi-brands concept and continuous innovation efforts, the Group strives to capture a wider customer base through its spectrum of price points and extensive varieties.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year: Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) The date the dividend is payable.

Not applicable.

(d) Books closure date.

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 31 December 2017.

13. If the Group has obtained mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPT.

14. Utilisation of Proceeds from the Initial Public Offering (“IPO”)

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

Use of proceeds from the Invitation	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Business expansion, through establishment of new F&B Outlets and/or suitable acquisitions, joint ventures or strategic alliances	7,000	1,866	5,134
Refurbishment and improvement of our existing F&B Outlets	2,000	52	1,948
For our general corporate and working capital requirements	1,357	1,357	-
For payment of underwriting and placement commissions as well as offering expenses	1,523	1,523	-
Gross proceeds from the Invitation	11,880	4,798	7,082

Note:

The amount deployed for general working capital is for rental expenses.

The above utilisation is in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document dated 15 November 2017.

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

16. Negative Confirmation of Interim Financial Results pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for Q2 FY2018 and 1H FY2018 to be false or misleading in any material aspect.

Yek Hong Liat John
Executive Director and CEO

Hiroshi Tatara
Executive Director and President

By Order of the Board

Yek Hong Liat John
Executive Director and CEO
Date : 7 February 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume 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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