



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

Unaudited Financial Statements

For the financial year ended 30 June 2018

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 Enterprise 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 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 fourth quarter ended 30 June 2018 (“**4Q FY2018**”) with the comparative results of the Group for the fourth quarter ended 30 June 2017 (“**4Q FY2017**”) and the twelve-month period ended 30 June 2018 (“**12M FY2018**”) with the comparative results of the Group for the twelve-month period ended 30 June 2017 (“**12M 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 4Q FY2018 S\$'000	Unaudited 4Q FY2017 S\$'000	Increase / (decrease) %	Unaudited FY2018 S\$'000	Audited FY2017 S\$'000	Increase / (decrease) %
Revenue	35,330	34,901	1.2%	142,294	140,892	1.0%
Raw materials and consumables used	(9,584)	(9,436)	1.6%	(39,238)	(39,159)	0.2%
Changes in inventories	(222)	(400)	(44.5%)	106	(417)	N.M.
Other operating income	447	581	(23.1%)	1,253	1,722	(27.2%)
Employee benefits expense	(11,976)	(11,587)	3.4%	(48,301)	(47,378)	1.9%
Operating lease expenses	(5,872)	(5,499)	6.8%	(24,399)	(23,999)	1.7%
Utilities expenses	(1,076)	(971)	10.8%	(4,080)	(3,820)	6.8%
Depreciation expense	(2,158)	(2,212)	(2.4%)	(8,527)	(8,052)	5.9%
Other expenses ⁽¹⁾	(3,647)	(3,947)	(7.6%)	(13,468)	(12,152)	10.8%
Finance costs	(73)	(78)	(6.4%)	(349)	(315)	10.8%
Profit before income tax⁽¹⁾	1,169	1,352	(13.5%)	5,291	7,322	(27.7%)
Income tax expense	(233)	(298)	(21.8%)	(1,723)	(1,630)	5.7%
Profit net of income tax	936	1,054	(11.2%)	3,568	5,692	(37.3%)
Other comprehensive income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(60)	(73)		(21)	14	
Total comprehensive income	876	981		3,547	5,706	
Profit attributable to owners of the Company, net of income tax	936	1,054	(11.2%)	3,568	5,697	(37.4%)
Loss attributable to non-controlling interest, net of income tax	-	-	N.M.	-	(5)	N.M.
Profit net of income tax	936	1,054	(11.2%)	3,568	5,692	(37.3%)

N.M.: Not Meaningful

Note:

(1) Other expenses for FY2018 included one-off Initial Public Offering ("IPO") expenses of approximately S\$1.1 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	<i>Increase / (decrease)</i>	Unaudited	Audited	<i>Increase / (decrease)</i>
	4Q FY2018	4Q FY2017		FY2018	FY2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total comprehensive income attributable to owners of the Company	876	981		3,547	5,711	
Total comprehensive loss attributable to non-controlling interest	-	-		-	(5)	
Total comprehensive income	876	981		3,547	5,706	

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

	Group			Group		
	Unaudited	Unaudited	<i>Increase/ (decrease)</i>	Unaudited	Audited	<i>Increase/ (decrease)</i>
	4Q FY2018	4Q FY2017		FY2018	FY2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Government grants	(97)	(338)	(71.3%)	(717)	(1,304)	(45.0%)
Foreign exchange adjustment gains	(70)	(50)	40.0%	(203)	(188)	8.0%
Depreciation expense	2,158	2,212	(2.4%)	8,527	8,052	5.9%
Plant and equipment written off	6	86	(93.0%)	398	450	(11.6%)
Initial public offering expenses ("IPO")	-	-	N.M.	1,066	-	N.M.
Listing expenses	21	-	N.M.	38	-	N.M.
(Gain)/loss for disposal of plant & equipment	-*	2	N.M.	(22)	4	N.M.

N.M.: Not Meaningful

*: Less than S\$1,000

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
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	39,937	42,500	-	-
Investment in subsidiaries	-	-	21,636	-
Deferred tax assets	-	37	-	-
Other receivables, non-current	-	-	10,671	-
Other assets, non-current	3,980	6,070	-	-
Total non-current assets	43,917	48,607	32,307	-
Current assets				
Inventories	2,676	2,782	-	-
Trade and other receivables, current	1,503	1,055	5,363	-
Other assets, current	2,878	2,071	8	-
Cash and cash equivalents	13,525	4,160	221	-
Total current assets	20,582	10,068	5,592	-
Total assets	64,499	58,675	37,899	-
Equity and liabilities				
Share capital	32,307	2,800	32,307	-
Merger reserve ⁽¹⁾	(18,149)	-	-	-
Retained earnings	21,490	21,922	3,575	-
Foreign currency translation reserve	(48)	(27)	-	-
Total equity	35,600	24,695	35,882	-
Non-current liabilities				
Deferred tax liabilities	1,608	1,749	-	-
Provision, non-current	1,799	1,760	-	-
Other financial liabilities, non-current	10,971	11,993	-	-
Total non-current liabilities	14,378	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	Audited	Unaudited	Unaudited
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities				
Income tax payable	1,734	1,431	5	-
Trade and other payables, current	10,951	11,759	2,012	-
Other financial liabilities, current	1,735	5,173	-	-
Other liabilities	101	115	-	-
Total current liabilities	14,521	18,478	2,017	-
Total liabilities	28,899	33,980	2,017	-
Total equity and liabilities	64,499	58,675	37,899	-

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		Group	
	Unaudited		Audited	
	30.06.2018		30.06.2017	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
(A) Amount repayable in one year or less, or on demand;	1,735	-	4,173	1,000
(B) Amount repayable after one year	10,971	-	11,993	-
	<u>12,706</u>	<u>-</u>	<u>16,166</u>	<u>1,000</u>

Details of any collaterals:

The banking facilities of the Group as at 30 June 2018 comprise short term and long term loans. These facilities are secured by:

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

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 4Q FY2018 S\$'000	Unaudited 4Q FY2017 S\$'000	Unaudited FY2018 S\$'000	Audited FY2017 S\$'000
Cash flows from operating activities:				
Profit before tax	1,169	1,352	5,291	7,322
Adjustments for:				
Interest income	(7)	(1)	(30)	(3)
IPO expense	-	-	1,066	-
Interest expense	73	78	349	315
Plant and equipment written off	6	86	398	450
Depreciation of property, plant and equipment	2,158	2,212	8,527	8,052
(Gain)/Loss on disposal of plant and equipment	-*	2	(22)	4
Net effect of exchange rate changes in consolidating foreign operations	(72)	(61)	(46)	40
Operating cash flows before changes in working capital	3,327	3,668	15,533	16,180
Inventories	434	399	106	417
Trade and other receivables, current	573	43	(448)	65
Reinstatement cost utilised	(81)	(35)	(94)	(189)
Trade and other payables, current	206	(202)	(808)	(1,928)
Other assets, current	(1,635)	184	(807)	2,496
Other liabilities	(4)	115	(14)	115
Net cash flows from operations	2,820	4,172	13,468	17,156
Income tax paid	(24)	71	(1,524)	(10)
Net cash flows from operating activities	2,796	4,243	11,944	17,146
Cash flows from investing activities:				
Purchase of plant and equipment	(1,315)	(2,627)	(6,902)	(5,861)
Disposal of plant and equipment	334	-*	720	82
Other assets, non-current	1,848	761	2,090	(1,643)
Interest received	7	1	30	3
Net cash flows from (used in) investing activities	874	(1,865)	(4,062)	(7,419)
Cash flows from financing activities:				
Cash restricted over 3 months	-	-	(1,498)	-
Dividend paid to equity owner	-	(12,000)	(4,000)	(13,960)
Increase from new borrowings	-	3,640	-	3,640
Decrease in other financial liabilities	(496)	(472)	(4,460)	(1,868)
Gross proceeds from issuance of new shares pursuant to IPO	-	-	11,880	-
IPO expense paid	-	-	(1,588)	-
Interest paid	(73)	(78)	(349)	(315)
Net cash flows used in financing activities	(569)	(8,910)	(15)	(12,503)
Net increase (decrease) in cash and cash equivalents	3,101	(6,532)	7,867	(2,776)
Cash and cash equivalents at beginning of year	8,764	10,530	3,998	6,774
Cash and cash equivalents at end of year	11,865	3,998	11,865	3,998

* - Less than S\$1,000

Notes to Statement of Cash Flows:

Cash and cash equivalents in the statement of financial position	13,525	4,160	13,525	4,160
Cash restricted over 3 months	(1,660)	(162)	(1,660)	(162)
Cash and cash equivalents as shown above	11,865	3,998	11,865	3,998

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	1,773	1,785
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)	19,695	33,838
Total comprehensive income for the period	-	-	-	859	859
Foreign currency translation	-	-	27	-	27
Balance as at 31 March 2018	32,307	(18,149)	12	20,554	34,724
Total comprehensive income for the period	-	-	-	936	936
Foreign currency translation	-	-	(60)	-	(60)
Balance as at 30 June 2018	32,307	(18,149)	(48)	21,490	35,600

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	Foreign currency translation reserve	Retained earnings	Attributable to owners of the Company sub-total	Non- controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (Audited)						
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
Total comprehensive income for the period	-	-	1,923	1,923	-	1,923
Foreign currency translation	-	86	-	86	-	86
Balance as at 31 March 2017	2,800	46	32,402	35,248	5	35,253
Total comprehensive income for the year	-	-	1,059	1,059	(5)	1,054
Foreign currency translation	-	(73)	-	(73)	-	(73)
Dividend paid	-	-	(12,000)	(12,000)	-	(12,000)
Other payable from non-controlling interest waived	-	-	461	461	-	461
Balance at 30 June 2017	2,800	(27)	21,922	24,695	-	24,695

- 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	*		*
	-	-	-
Balance as at 1 July 2017	*		*
Total comprehensive income for the year	-	3,575	3,575
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 30 June 2018	32,307	3,575	32,882

* - 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
	300,000,000	20,949,118
Issuance of new shares pursuant to IPO	54,000,000	11,880,000
Capitalisation for IPO expenses	-	(521,729)
Balance as at 30 June 2018	354,000,000	32,307,389

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 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.

	Unaudited	Audited
	30.06.2018	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).

Not applicable as 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 4Q FY2018	Unaudited 4Q FY2017	Unaudited FY2018	Unaudited FY2017
<u>Earnings per share ("EPS")</u>				
Profit attributable to owners of the Company (S\$'000)	936	1,054	3,568	5,692
(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)	0.26	0.30	1.01	1.61

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 30 June 2017 and 30 June 2018.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Net asset value (" NAV ") (S\$'000)	35,600	24,695	35,882	-
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)	10.06	6.98	10.14	-

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
4Q FY2018 compared to 4Q FY2017

	<u>Group Unaudited</u>		<i>Increase/ (decrease)</i>	<u>Group Unaudited</u>		<i>Increase/ (decrease)</i>
	<u>4Q</u>	<u>4Q</u>		<u>FY2018</u>	<u>FY2017</u>	
	<u>FY2018</u>	<u>FY2017</u>		<u>FY2018</u>	<u>FY2017</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Full-Service Restaurants	25,514	25,174	1.4%	102,360	104,843	(2.4%)
Quick-Service Restaurants, Convenience and Others	9,816	9,727	0.9%	39,934	36,049	10.8%
	<u>35,330</u>	<u>34,901</u>		<u>142,294</u>	<u>140,892</u>	

Revenue

The Group's revenue increased by 1.2% or approximately S\$0.4 million, from S\$34.9 million in 4Q FY2017 to S\$35.3 million in 4Q FY2018.

Revenue from both the Full-Service Restaurants and Quick-Service Restaurants, Convenience and Others segments grew marginally by 1.4% and 0.9% respectively for 4Q FY2018 compared to 4Q FY2017. The growth in revenue was mainly attributable to a newly opened Ichiban Boshi outlet in 4Q FY2018 and two Ichiban Sushi outlets in prior quarters which contributed approximately \$0.3 million in revenue.

Raw materials and consumables used

The raw materials and consumables used (taking into account the changes in closing inventories) remained constant at S\$9.8 million, which represents 27.8% and 28.2% of total revenue for 4Q FY2018 and 4Q FY2017 respectively.

Other operating income

Other operating income decreased by 23.1% or approximately S\$0.1 million, mainly due to a decrease in government grants.

Employee benefits expense

Employee benefits expense increased by 3.4% or approximately S\$0.4 million, from S\$11.6 million in 4Q FY2017 to S\$12.0 million in 4Q FY2018. This was mainly due to an increase in employment related costs to cater to the Group's business expansion needs.

Operating lease expenses

Operating lease expenses increased by 6.8% or approximately S\$0.4 million, from S\$5.5 million in 4Q FY2017 to S\$5.9 million in 4Q FY2018, mainly attributable to rental payments for newly opened outlets during the year.

Depreciation expense

Depreciation and amortisation expense remained fairly constant at approximately S\$2.2 million for 4Q FY2018 and 4Q FY2017.

Other expenses

Other expenses decreased by 7.6% or approximately S\$0.3 million, from S\$4.0 million to S\$ 3.7 million. This was mainly attributable to (i) plant and equipment written off in 4Q FY2017 for refurbished and closed outlets and (ii) general supplies such as crockery for the newly opened outlets in 4Q FY2017.

Consolidated Statement of Comprehensive Income (cont'd)
4Q FY2018 compared to 4Q FY2017 (cont'd)

Finance cost

Finance cost remained constant at approximately S\$0.1 million for 4Q FY2018 when compared to 4Q FY2017.

Profit before tax

Profit before tax decreased by 13.5% or approximately S\$0.2 million, from S\$1.4 million in 4Q FY2017 to S\$1.2 million in 4Q FY2018, mainly due to higher employee benefits, rental and other expenses as explained above.

Income tax expense

Income tax expense decreased by 21.8%, or approximately S\$0.1 million, from S\$0.3 million in 4Q FY2017 to S\$0.2 million in 4Q FY2018. The reason for the higher taxes paid in 4Q FY2017 was mainly due to an adjustment done to recognize the under provision of taxes in the first three quarters of FY2017.

Profit net of income tax

As a result of the foregoing, the Group recorded a profit net of income tax of S\$0.9 million in 4Q FY2018, a decrease of approximately S\$0.1 million or 11.2% compared to S\$1.0 million in 4Q FY2017.

FY2018 compared to FY2017

Revenue

The Group's revenue increased by 1.0% or approximately S\$1.4 million, from S\$140.9 million in FY2017 to S\$142.3 million in FY2018.

Revenue from Full Service Restaurants declined marginally by 2.4% or S\$2.5 million, from S\$104.8 million in FY2017 to S\$102.4 million in FY2018. This was mainly attributable to a change of concept for a Jurong Point outlet from Kuishin Bo, a Full Service Restaurant to Food Alley, a Quick Service Restaurant and closure of two outlets in this segment.

Revenue from Quick-Service Restaurants, Convenience and Others segment grew by 10.8% from S\$36.0 million in FY2017 to S\$39.9 million in FY2018 mainly due to contribution by the Group's key concepts of Kuriya Japanese Market, Japanese food alley and Men-ichi Ramen.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) as a percentage of revenue, declined from 28.1% in FY2017 to 27.5% in FY2018. This was largely attributed to a decrease in average raw material prices compared to prior corresponding period.

Other operating income

Other operating income declined by 27.2% or approximately S\$0.5 million, mainly due to a decrease in the government grants.

Employee benefits expense

Employee benefits expense increased by 1.9%, or approximately S\$0.9 million, from S\$47.4 million in FY2017 to S\$48.3 million in FY2018, mainly due to increase in employment related costs to cater to business expansion.

Depreciation expense

Depreciation expense increased by 5.9%, or approximately S\$0.5 million, from S\$8.0 million in FY2017 to S\$8.5 million in FY2018, mainly due to renovation of several 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 rose 10.8% or approximately S\$1.3 million, from S\$12.2 million in FY2017 to S\$13.5 million in FY2018, mainly due to one-off IPO expenses of approximately S\$1.1 million and higher other expenses such as (i) professional fee incurred for post listing expenses and (ii) plant and equipment expensed off.

Finance cost

Finance cost remained constant at approximately S\$0.3 million for FY2018 when compared to FY2017.

Profit before tax

Profit before tax decreased by 27.7%, or approximately S\$2.0 million, from S\$7.3 million in FY2017 to S\$5.3 million in FY2018, mainly due to one-off IPO expenses of S\$1.1 million and higher employee benefits, and depreciation.

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

Income tax expense

Income tax expense increased by 5.7% or approximately S\$0.1 million, mainly due to non-tax deductibility of one-off IPO expenses and expenses for plant and equipment being written off.

Profit net of income tax

As a result of the foregoing, the Group's profit net of income tax declined by 37.3% or approximately S\$2.1 million, from S\$5.7 million in FY2017 to S\$3.6 million in FY2018.

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 2018 and 30 June 2017.

Non-current assets

The Group's non-current assets decreased by S\$4.7 million from S\$48.6 million as at 30 June 2017 to S\$43.9 million as at 30 June 2018 mainly due to higher depreciation expense incurred and an increase in the disposal of plant and equipment as at 30 June 2018. Other assets, non-current decreased by S\$2.1 million due to rental deposits being replaced with S\$1.4 million of bankers' guarantee.

Current assets

The Group's current assets increased by S\$10.5 million from S\$10.1 million as at 30 June 2017 to S\$20.6 million as at 30 June 2018 mainly due to an increase in cash and cash equivalents of S\$9.4 million and other assets, current of S\$0.8 million respectively.

The increase in cash and cash equivalents was mainly due to net proceeds of S\$10.3 million from the issuance of new shares pursuant to the IPO, being partially offset by the payment of an interim dividend of S\$4.0 million declared on 2 October 2017 by R E & S Enterprises Pte Ltd, our wholly owned subsidiary, paid to the then existing shareholders. In addition, the increase in other current assets was mainly due to the presence of S\$0.7 million of existing leases with refundable rental deposits which are due for renewal in less than a year.

Non-current liabilities

The Group's non-current liabilities decreased by S\$1.1 million from S\$15.5 million as at 30 June 2017 to S\$14.4 million as at 30 June 2018 mainly due to the repayment of bank borrowings.

Current liabilities

The Group's current liabilities decreased by S\$4.0 million from S\$18.5 million as at 30 June 2017 to S\$14.5 million as at 30 June 2018. This was attributable to (i) a decrease in financial liabilities of \$3.4 million due to the repayment of loans; and (ii) a decrease in other payable of S\$0.8 million.

Consolidated Statements of Cash Flows

The Group's net cash generated from operating activities was S\$11.9 million in FY2018, mainly a result of operating cash flows before changes in the working capital of S\$15.5 million, net working capital outflows of S\$2.1 million, and income taxes paid of S\$1.5 million. The net working capital outflows were due to (i) an increase in trade and other receivables of S\$0.4 million; (ii) increase in other assets, current of S\$0.8 million; and (iii) a decrease in trade and other payable of S\$0.8 million.

The Group's net cash flows used in investing activities was S\$4.1 million in FY2018 mainly attributable to the renovation of new outlets and the purchase of plant and equipment amounting to S\$6.9 million. This was partially offset by (i) the disposal of assets amounting to S\$0.7 million and (ii) a decrease in the other asset, non-current of S\$2.1 million due to the partial replacement of rental deposits with the bankers' guarantees.

The Group's net cash used in financing activities was S\$15,000 in FY2018, mainly due to (i) receipt of IPO proceeds of S\$11.9 million; being partially offset by (ii) repayment of bank borrowings of S\$4.5 million; (iii) dividend paid of S\$4.0 million; (iv) IPO expenses paid of S\$1.6 million; and (v) increase in the fixed deposit of S\$1.5 million placed with a bank to secure bank facilities.

As a result, cash and cash equivalents increased by S\$7.9 million in FY2018.

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 food and beverage (“F&B”) industry is expected to continue to be challenging, driven by intensifying competition and higher cost pressures posed by a tighter labour and rental market. Nonetheless, the Group remains committed in growing its top-line via expansion of its businesses while improving its bottom-line via further streamlining of its operations and prudent cost-cutting measures.

Specifically, the Group seeks to increase its current network of Food Retail Outlets. The revamping of outlets with weaker performance remains a continuous effort on the part of the Group while the reinventing of existing proven and established concepts remains a key priority for the Group to stay relevant and current in a highly competitive industry. The Group will also be exploring joint ventures and strategic alliances opportunities to diversify and grow its business offerings.

On the cost front, management will be looking at measures directed towards improving work flow processes and enhancing labour productivity. Together with support from its central kitchen, the Group seeks to further optimise operational efficiencies in its businesses.

11. Dividend

(a) Dividend proposed for the current financial period

Name of Dividend
Type of Dividend
Total number of Issued ordinary shares ('000)
Dividend per share

FY2018
Final Dividend Exempt (1-tier)
Cash
354,000
0.4 cent

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

No dividend has been declared for FY2017.

(c) The date the dividend is payable.

To be announced later.

(d) Books closure date.

To be announced later.

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

Please refer to 11 (a) above.

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 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	3,342	3,658
Refurbishment and improvement of our existing F&B Outlets	2,000	345	1,655
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	6,567	5,313

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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.

15A. Profit or loss from continuing operations and reconciliations

	<u>Restaurants</u>	<u>Quick services</u>	<u>Unallocated</u>	<u>Elimination</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Revenue by segment					
Total revenue by segment	102,360	39,934	-	-	142,294
Inter-segment sales	-	6,097	-	(6,097)	-
Total revenue	<u>102,360</u>	<u>46,031</u>	<u>-</u>	<u>(6,097)</u>	<u>142,294</u>
Recurring EBITDA	18,915	4,587	(9,335)	-	14,167
Depreciation	(4,510)	(1,676)	(2,341)	-	(8,527)
Finance costs	-	-	(349)	-	(349)
ORBT					5,291
Income tax expense	-	-	(1,723)	-	(1,723)
Profit, net of income tax					<u>3,568</u>

15A. Profit or loss from continuing operations and reconciliations (cont'd)

	<u>Restaurants</u>	<u>Quick services</u>	<u>Unallocated</u>	<u>Elimination</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Revenue by segment					
Total revenue by segment	104,843	36,049	–	–	140,892
Inter-segment sales	555	6,596	–	(7,151)	–
Total revenue	<u>105,398</u>	<u>42,645</u>	<u>–</u>	<u>(7,151)</u>	<u>140,892</u>
Recurring EBITDA	17,919	6,877	(9,107)	–	15,689
Depreciation	(4,452)	(1,296)	(2,304)	–	(8,052)
Finance costs	–	–	(315)	–	(315)
ORBT					7,322
Income tax expense					(1,630)
Profit, net of income tax					<u>5,692</u>

The unallocated expenses mainly included the Group's headquarters expenses such as employee benefits expenses, operating lease expenses and utilities expenses.

15B. Assets and reconciliations

	<u>Restaurants</u>	<u>Quick services</u>	<u>Unallocated</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Total assets for reportable segments:				
2018	<u>25,753</u>	<u>10,506</u>	<u>28,240</u>	<u>64,499</u>
2017	<u>21,731</u>	<u>7,638</u>	<u>29,306</u>	<u>58,675</u>

The unallocated assets mainly included the Group's headquarters property, plant and equipment.

15C. Liabilities and reconciliations

	<u>Restaurants</u>	<u>Quick services</u>	<u>Unallocated</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Total liabilities for reportable segments:				
2018	<u>6,950</u>	<u>4,010</u>	<u>17,939</u>	<u>28,899</u>
2017	<u>8,251</u>	<u>3,508</u>	<u>22,221</u>	<u>33,980</u>

The unallocated liabilities mainly included the other financial liabilities for the Group's property, income tax payables and deferred tax liabilities.

15D. Other material items and reconciliations

	<u>Restaurants</u>	<u>Quick services</u>	<u>Unallocated</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
<u>Expenditures for non-current assets:</u>				
2018	<u>4,279</u>	<u>1,836</u>	<u>920</u>	<u>7,035</u>
2017	<u>3,019</u>	<u>1,496</u>	<u>1,468</u>	<u>5,983</u>

15E. Geographical information

The Group operates primarily in Singapore with revenue generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

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

Please refer to section 8 of this announcement for the review of the performance of the Group.

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

Annual dividend	<u>FY2018</u> \$'000	<u>FY2017</u> \$'000
Ordinary dividend – Final*	1,416	-

* The final dividend is subject to shareholders' approval at the AGM.

18. 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.

19. 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). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2018 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Yek Hong Liat John
Executive Director and CEO
Date : 20 August 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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