



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

Unaudited Financial Statements

For the financial year ended 30 June 2019

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 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 SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the 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 multi-concept owner and operator of F&B outlets in Singapore and Malaysia 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 2019 (“**4Q FY2019**”) with the comparative results of the Group for the fourth quarter ended 30 June 2018 (“**4Q FY2018**”) and the twelve-month period ended 30 June 2019 (“**FY2019**”) with the comparative results of the Group for the twelve-month period ended 30 June 2018 (“**FY2018**”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 July 2017.

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 FY2019 S\$'000	Unaudited 4Q FY2018 S\$'000	Increase / (decrease) %	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000	Increase / (decrease) %
Revenue	33,614	35,330	(4.9%)	141,004	142,294	(0.9%)
Raw materials and consumables used	(9,192)	(9,584)	(4.1%)	(38,702)	(39,238)	(1.4%)
Changes in inventories	(176)	(222)	(20.7%)	(220)	106	N.M.
Other operating income	753	447	68.5%	2,751	1,253	119.6%
Employee benefits expense	(11,940)	(12,405)	(3.7%)	(49,060)	(49,594) ¹	(1.1%)
Operating lease expenses	(5,646)	(5,872)	(3.8%)	(24,933)	(24,399)	2.2%
Utilities expenses	(1,044)	(1,076)	(3.0%)	(4,350)	(4,080)	6.6%
Depreciation expense	(1,827)	(2,158)	(15.3%)	(8,062)	(8,527)	(5.5%)
Other operating expenses	(2,768)	(2,730)	1.4%	(9,697)	(9,538) ¹	1.7%
Other expenses – Non-operating	(1,077)	(488)	120.7%	(3,099)	(2,637)	17.5%
Finance costs	(76)	(73)	4.1%	(288)	(349)	(17.5%)
Profit before tax	621	1,169	(46.9%)	5,344	5,291	1.0%
Income tax expense	(37)	(233)	(84.1%)	(1,365)	(1,723)	(20.8%)
Profit net of income tax	584	936	(37.6%)	3,979	3,568	11.5%
<u>Other comprehensive income:</u>						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	(15)	(60)	(75.0%)	(7)	(21)	(66.7%)
Total comprehensive income	569	876	(35.0%)	3,972	3,547	12.0%
Profit attributable to owners of the Company, net of income tax	628	936	(32.9%)	4,041	3,568	13.3%
Loss attributable to non-controlling interest, net of income tax	(44)	-	N.M.	(62)	-	N.M.
Profit net of income tax	584	936	(37.6%)	3,979	3,568	11.5%

N.M.: Not Meaningful

Note:

(1) Certain FY2018 expenses amounting to S\$0.9 million has been reclassified from employee benefits expense to other operating expenses to enhance comparability with current year presentation.

- 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 4Q FY2019 S\$'000	Unaudited 4Q FY2018 S\$'000	Increase / (decrease) %	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000	Increase / (decrease) %
Total comprehensive income attributable to owners of the Company	613	876	(30.0%)	4,034	3,547	13.7%
Total comprehensive loss attributable to non-controlling interest	(44)	-	N.M.	(62)	-	N.M.
Total comprehensive income	569	876	(35.0%)	3,972	3,547	12.0%

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

	Group			Group		
	Unaudited 4Q FY2019 S\$'000	Unaudited 4Q FY2018 S\$'000	Increase/ (decrease) %	Unaudited FY2019 S\$'000	Audited FY2018 S\$'000	Increase/ (decrease) %
Government grants	(21)	(97)	(78.4%)	(705)	(717)	(1.7%)
Foreign exchange adjustment gains	-	(70)	N.M.	-	(203)	N.M.
Depreciation expense	1,827	2,158	(15.3%)	8,062	8,527	(5.5%)
Plant and equipment written off	662	6	10,933.3%	1,638	398	311.6%
Initial public offering ("IPO") expenses	-	-	N.M.	-	1,066	N.M.
Listing expenses	8	21	61.9%	81	38	113.2%
Gain on disposal of plant & equipment	(70)	-*	N.M.	(70)	(22)	218.2%
Other income - compensation received	(547)	-	N.M.	(1,740)	-	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
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	33,711	39,937	-	-
Investment in subsidiaries	-	-	21,738	21,636
Deferred tax assets	-	-	-	-
Other receivables, non-current	-	-	10,671	10,671
Other assets, non-current	3,027	3,980	-	-
Total non-current assets	36,738	43,917	32,409	32,307
Current assets				
Inventories	2,896	2,676	-	-
Trade and other receivables, current	2,627	1,503	-	5,363
Other assets, current	3,766	2,878	7	8
Cash and cash equivalents	18,183	13,525	2,758	221
Total current assets	27,472	20,582	2,765	5,592
Total assets	64,210	64,499	35,174	37,899
Equity and liabilities				
Share capital	32,307	32,307	32,307	32,307
Merger reserve ⁽¹⁾	(18,149)	(18,149)	-	-
Retained earnings	24,115	21,490	2,297	3,575
Foreign currency translation reserve	(55)	(48)	-	-
Equity attributable to owners of the parent	38,218	35,600	34,604	35,882
Non-controlling interest	36	-	-	-
Total equity	38,254	35,600	34,604	35,882
Non-current liabilities				
Deferred tax liabilities	1,206	1,608	-	-
Provision, non-current	1,632	1,799	-	-
Other financial liabilities, non-current	9,353	10,971	-	-
Total non-current liabilities	12,191	14,378	-	-

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 30.06.2019	Audited 30.06.2018	Unaudited 30.06.2019	Unaudited 30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities				
Income tax payable	1,689	1,734	12	5
Trade and other payables, current	11,363	10,951	558	2,012
Other financial liabilities, current	626	1,735	-	-
Other liabilities	87	101	-	-
Total current liabilities	13,765	14,521	570	2,017
Total liabilities	25,956	28,899	570	2,017
Total equity and liabilities	64,210	64,499	35,174	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 Catalyst 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	
	30.06.2019		30.06.2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(A) Amount repayable in one year or less, or on demand;	626	-	1,735	-
(B) Amount repayable after one year	9,353	-	10,971	-
	<u>9,979</u>	<u>-</u>	<u>12,706</u>	<u>-</u>

Details of any collaterals:

The banking facilities of the Group as at 30 June 2019 comprise short term and long term loans. These facilities are secured by:

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

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	Unaudited	Unaudited	Audited
	4Q FY2019	4Q FY2018	FY2019	FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	621	1,169	5,344	5,291
Adjustments for:				
Interest income	(86)	(7)	(111)	(30)
IPO expense	-	-	-	1,066
Interest expense	76	73	288	349
Plant and equipment written off	662	6	1,638	398
Depreciation of property, plant and equipment	1,827	2,158	8,062	8,527
Gain on disposal of plant and equipment	(70)	-*	(70)	(22)
Net effect of exchange rate changes in consolidating foreign operations	(11)	(72)	4	(46)
Operating cash flows before changes in working capital	3,019	3,327	15,155	15,533
Inventories	(264)	434	(220)	106
Trade and other receivables, current	157	573	(1,124)	(448)
Reinstatement cost utilised	51	(81)	(26)	(94)
Trade and other payables, current	322	206	412	(808)
Other assets, current	(2,086)	(1,635)	(888)	(807)
Other liabilities	(119)	(4)	(14)	(14)
Net cash flows from operations	1,080	2,820	13,295	13,468
Income tax paid	(332)	(24)	(1,812)	(1,524)
Net cash flows from operating activities	748	2,796	11,483	11,944
Cash flows from investing activities:				
Purchase of plant and equipment	(864)	(1,315)	(3,478)	(6,902)
Disposal of plant and equipment	(78)	334	(78)	720
Other assets, non-current	1,914	1,848	953	2,090
Interest received	86	7	111	30
Net cash flows from (used in) investing activities	1,058	874	(2,492)	(4,062)
Cash flows from financing activities:				
Cash restricted over 3 months	(504)	-	(504)	(1,498)
Dividend paid to equity owner	-	-	(1,416)	(4,000)
Increase from new borrowings	-	-	-	-
Decrease in other financial liabilities	(1,178)	(496)	(2,727)	(4,460)
Gross proceeds from issuance of new shares pursuant to IPO	-	-	-	11,880
IPO expense paid	-	-	-	(1,588)
Capital contribution from a non-controlling interest	-	-	98	-
Interest paid	(76)	(73)	(288)	(349)
Net cash flows used in financing activities	(1,758)	(569)	(4,837)	(15)
Net increase in cash and cash equivalents	48	3,101	4,154	7,867
Cash and cash equivalents at beginning of year	15,971	8,764	11,865	3,998
Cash and cash equivalents at end of year	16,019	11,865	16,019	11,865

* - Less than S\$1,000

Notes to Statement of Cash Flows:

Cash and cash equivalents in the statement of financial position	18,183	13,525	18,183	13,525
Cash restricted over 3 months	(2,164)	(1,660)	(2,164)	(1,660)
Cash and cash equivalents as shown above	16,019	11,865	16,019	11,865

- 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	Attributable to parent S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
Group (Unaudited)							
Balance as at 1 July 2018	32,307	(18,149)	(48)	21,490	35,600	-	35,600
Total comprehensive income for the period	-	-	8	3,413	3,421	(18)	3,403
Dividends paid	-	-	-	(1,416)	(1,416)	-	(1,416)
Capital contribution from a non-controlling interest	-	-	-	-	-	98	98
Balance as at 31 March 2019	32,307	(18,149)	(40)	23,487	37,605	80	37,685
Total comprehensive income for the period	-	-	(15)	628	613	(44)	569
Balance as at 30 June 2019	32,307	(18,149)	(55)	24,115	38,218	36	38,254

- 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	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 period	-	-	39	2,632	2,671
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 March 2018	32,307	(18,149)	12	20,554	34,724
Total comprehensive income for the period	-	-	(60)	936	876
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 S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>Company (Unaudited)</u>			
Balance as at 1 July 2018	32,307	3,575	35,882
Total comprehensive income for the period	-	103	103
Dividends paid	-	(1,416)	(1,416)
Balance as at 31 March 2019	32,307	2,262	34,569
Total comprehensive income for the period	-	35	35
Balance as at 30 June 2019	32,307	2,297	34,604

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>Company (Unaudited)</u>			
Balance as at date of incorporation, 26 May 2017	-	-	-
Balance as at 1 July 2017	-	-	-
Total comprehensive income for the period	-	(774)	(774)
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 March 2018	32,307	(774)	31,533
Total comprehensive income for the period	-	4,349	4,349
Balance as at 30 June 2018	32,307	3,575	35,882

* - 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.**

There has been no change in the Company's issued share capital since 31 March 2019.

The Company has no treasury shares or subsidiary holdings or convertible instruments as at 30 June 2019 and 30 June 2018.

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

	Unaudited	Audited
	30.06.2019	30.06.2018
Total number of issued shares	354,000,000	354,000,000

- 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.**

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group and Company has adopted the new financial reporting framework on 1 July 2018 and adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective on 1 July 2018.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards International ("SFRS(I)") and the related Interpretations ("SFRS(I)INT") that are mandatory for the accounting periods beginning on or after 1 July 2018. The adoption of these new and revised SFRS(I) and SFRS(I)INT 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 year.

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 FY2019	Unaudited 4Q FY2018	Unaudited FY2019	Unaudited FY2018
<u>Earnings per share ("EPS")</u>				
Profit attributable to owners of the Company (S\$'000)	628	936	4,041	3,568
(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)	0.18	0.26	1.14	1.01

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 2017.

The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 30 June 2019 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	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Net asset value (" NAV ") (S\$'000)	38,218	35,600	34,604	35,882
Number of ordinary shares in issue ('000)	354,000	354,000	354,000	354,000
Net asset value per ordinary share (Singapore cents per share)	10.80	10.06	9.78	10.14

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

	Group Unaudited		Increase/ (decrease)	Group Unaudited		Increase/ (decrease)
	4Q FY2019 S\$'000	4Q FY2018 S\$'000		FY2019 S\$'000	FY2018 S\$'000	
Full-Service Restaurants	23,375	25,514	(8.4%)	99,259	102,360	(3.0%)
Quick-Service Restaurants, Convenience and Others	10,239	9,816	4.3%	41,745	39,934	4.5%
	<u>33,614</u>	<u>35,330</u>		<u>141,004</u>	<u>142,294</u>	

4Q FY2019 compared to 4Q FY2018

Revenue

The Group's revenue decreased by 4.9%, or approximately S\$1.7 million, from S\$35.3 million in 4Q FY2018 to S\$33.6 million in 4Q FY2019.

Revenue from Full-Service Restaurants segment declined by 8.4% or S\$2.1 million mainly attributable to closure of Great World City outlets due to mall enhancement works and closure of Ichiban Boshi outlet at Tiong Bahru Plaza.

The decline was partially offset by an increase in revenue from Quick-Service Restaurants, Convenience and Others segments of 4.3%, growing from S\$9.8 million in 4Q FY2018 to S\$10.2 million in 4Q FY2019 mainly driven by the contribution from Idaten Udon and Ichiban Bento concepts.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) remained relatively constant at 27.9% and 27.8% of total revenue for 4Q FY2019 and 4Q FY2018 respectively.

Other operating income

Other operating income increased by 68.5%, or approximately S\$0.3 million from S\$0.4 million in 4Q FY2018 to S\$0.8 million in 4Q FY2019. This was mainly due to the compensation received for interim closure of outlets at Great World City in relation to major enhancement works of the mall.

Employee benefits expense

Employee benefits expense decreased by 3.7%, or approximately S\$0.5 million from S\$12.4 million in 4Q FY2018 to S\$11.9 million in 4Q FY2019. This was mainly due to the closure of outlets at Great World City and Tiong Bahru Plaza and adjustment to management's remuneration structure. Employee benefits expense represents 35.5% and 35.1% of total revenue for 4Q FY2019 and 4Q FY2018 respectively.

Operating lease expenses

Operating lease expenses decreased by 3.8%, or approximately S\$0.2 million, from S\$5.9 million in 4Q FY2018 to S\$5.6 million in 4Q FY2019, which represents 16.8% and 16.6% of total revenue for 4Q FY2019 and 4Q FY2018 respectively.

Utilities expenses

Utilities expenses decreased by 3.0%, or approximately S\$32,000, which represents 3.1% and 3.0% of total revenue for 4Q FY2019 and 4Q FY2018 respectively.

Depreciation expense

Depreciation expense decreased by 15.3%, or approximately S\$0.3 million from S\$2.2 million in 4Q FY2018 to S\$1.8 million in 4Q FY2019, mainly due to closure of outlets at Great World City.

Consolidated Statement of Comprehensive Income (cont'd)
4Q FY2019 compared to 4Q FY2018 (cont'd)

Other operating expenses

Other operating expenses remained relatively constant at approximately S\$2.8 million and S\$2.7 million in 4Q FY2019 and 4Q FY2018 respectively.

Other expenses – Non-operating

Other non-operating expenses increased by approximately S\$0.6 million, from S\$0.5 million in 4Q FY2018 to S\$1.1 million in 4Q FY2019. This was mainly attributed to plant and equipment written off of approximately S\$0.4 million which pertained to interim closure of outlets at Great World City.

Finance cost

Finance cost remained constant at approximately S\$0.1 million for 4Q FY2019 and 4Q FY2018.

Profit before tax

Profit before tax decreased by 46.9% or approximately S\$0.5 million, from S\$1.2 million in 4Q FY2018 to S\$0.6 million in 4Q FY2019, mainly due to the closure of outlets as mentioned above.

Income tax expense

Income tax expense decreased by 84.1% or approximately S\$0.2 million, mainly due to an over adjustment of income tax expenses in the previous quarters.

Profit net of income tax

As a result of the foregoing, the Group recorded a profit net of income tax of S\$0.6 million in 4Q FY2019, representing a decrease of 37.6%, or approximately S\$0.4 million compared to S\$0.9 million in 4Q FY2018.

FY2019 compared to FY2018

Revenue

The Group's revenue declined by 0.9% or approximately S\$1.3 million, from S\$142.3 million in FY2018 to S\$141.0 million in FY2019.

Revenue from Full-Service Restaurants segment declined by 3.0% or S\$3.1 million mainly attributable to (i) renovation of Kuriya Dining; and (ii) closure of outlets located at Great World City as impacted by the major enhancement works in the mall.

The decline was partially offset by an increase in revenue from Quick-Service Restaurants, Convenience and Others segment of 4.5%, growing from S\$39.9 million in FY2018 to S\$41.7 million in FY2019 mainly due to contribution by the Group's concepts of Kuriya Japanese Market and Ichiban Bento.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) remained constant at approximately S\$39.0 million, which represented 27.6% and 27.5% of total revenue for FY2019 and FY2018 respectively.

Other operating income

Other operating income increased significantly from S\$1.3 million in FY2018 to S\$2.8 million in FY2019. This was mainly due to the compensation received from landlord for the outlets at Great World City in relation to major enhancement works of the mall. The compensation received amounted to approximately S\$1.4 million.

Employee benefits expense

Employee benefits expenses decreased by 1.1%, or approximately S\$0.5 million, from S\$49.6 million in FY2018 to S\$49.1 million in FY2019, which represents 34.8% and 34.9% of total revenue for FY2019 and FY2018 respectively.

Operating lease expenses

Operating lease expenses increased by 2.2%, or approximately S\$0.5 million, from S\$24.4 million in FY2018 to S\$24.9 million in FY2019, mainly attributable to incremental rental rates.

Utilities expenses

Operating lease expenses increased by 6.6%, or approximately S\$0.3 million, from S\$4.1 million in FY2018 to S\$4.4 million in FY2019, mainly attributable to increase in tariffs.

Depreciation expense

Depreciation expense decreased by 5.5%, or approximately S\$0.5 million, from S\$8.5 million in FY2018 to S\$8.1 million in FY2019, mainly due to closure of outlets at Great World City.

Consolidated Statement of Comprehensive Income (cont'd)
FY2019 compared to FY2018 (cont'd)

Other operating expenses

Other operating expenses increased by 1.7%, or approximately S\$0.2 million, from S\$9.5 million in FY2018 to S\$9.7 million in FY2019 was mainly due to an increase in commission which is resulted from an increase in volume of sales from Ichiban Bento through third party food delivery companies.

Other expenses – Non-operating

Other non-operating expenses increased by 17.5%, or approximately S\$0.5 million, from S\$2.6 million in FY2018 to S\$3.1 million in FY2019. This was mainly attributable to one off IPO expenses of S\$1.1 million incurred in FY2018; offset by an increase in (i) plant and equipment written off of S\$1.2 million; and (ii) consultancy fee of S\$0.2 million in FY2019.

Finance cost

Finance cost remained constant at approximately S\$0.3 million for both FY2019 and FY2018.

Profit before tax

Profit before tax remained constant at approximately S\$5.3 million for both FY2019 and FY2018.

Income tax expense

Income tax expense decreased by 20.8% or approximately S\$0.4 million, mainly due to non-tax deductibility of IPO expenses in relation to FY2018.

Profit net of income tax

As a result of the foregoing, the Group's profit net of income tax increased by 11.5% or approximately S\$0.4 million, from S\$3.6 million in FY2018 to S\$4.0 million in FY2019.

Consolidated Statements of Financial Position

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

Non-current assets

The Group's non-current assets decreased by S\$7.2 million from S\$43.9 million as at 30 June 2018 to S\$36.7 million as at 30 June 2019 mainly due to a decrease in property, plant and equipment of S\$6.2 million and a decrease in the other assets, non-current of S\$1.0 million. The decrease in property, plant and equipment was mainly due to the write off of renovation and fixtures for closure of the Group's outlets at Great World City and depreciation, partially offset by an addition of assets of S\$3.5 million. Other assets, non-current decreased by S\$1.0 million mainly due to refund of rental deposits placed with the lessors, replaced with bankers' guarantee and the classification of non-current to current in FY2019 which is based on the lease term of the rental agreements.

Current assets

The Group's current assets increased by S\$6.9 million from S\$20.6 million as at 30 June 2018 to S\$27.5 million as at 30 June 2019. This was mainly due to (i) an increase in cash and cash equivalents of S\$4.7 million; (ii) increase in trade & other receivables, current of S\$1.1 million; (iii) increase in inventories of S\$0.2 million; and (iv) increase in the other assets, current of S\$0.9 million.

The increase in cash and cash equivalents was mainly due to (i) the compensation received from the landlord for the closure of our outlets at Great World City, (ii) refund of rental deposits amounting to S\$0.5 million being replaced with bankers' guarantee; and (iii) receipt of S\$0.7 million for government grants. The increase in trade and other receivables were mainly due to higher amounts due from credit card companies as there were more transactions towards the end of FY2019, increased sales volume and compensation due from our landlord as a result of disrupted operations from mall revamp. Increase in other asset, current was mainly attributable to the classification of non-current to current in FY2019 based on the lease term of the rental agreements.

Non-current liabilities

The Group's non-current liabilities decreased by S\$2.2 million from S\$14.4 million as at 30 June 2018 to S\$12.2 million as at 30 June 2019 mainly due to (i) the repayment of bank borrowings; (ii) reversal of the reinstatement provision for the closed outlets in FY2019; and (iii) the adjustment of deferred tax.

Current liabilities

The Group's current liabilities decreased by S\$0.8 million from S\$14.5 million as at 30 June 2018 to S\$13.8 million as at 30 June 2019. This was mainly attributable to a decrease in financial liabilities of S\$1.1 million due to the repayment of short-term loans partially offset by an increase in trade and other payables, current of S\$0.4 million.

Consolidated Statements of Cash Flows

The Group's net cash flows generated from operating activities was S\$11.5 million in FY2019, mainly as a result of operating cash flows before changes in the working capital of S\$15.2 million, net working capital outflows of S\$1.9 million and income taxes paid of S\$1.8 million. The net working capital outflows were due to (i) an increase in trade and other receivables, current of S\$1.1 million; (ii) an increase in inventories of S\$0.2 million; (iii) an increase in other assets, current of S\$0.9 million; and partially offset by (iv) an increase in trade payables of S\$0.4 million.

The Group's net cash flows used in investing activities was S\$2.5 million in FY2019, mainly attributable to (i) the renovation of outlets and the purchase of plant and equipment amounting to S\$3.5 million; partially offset by (ii) a decrease in other assets, non-current of S\$1.0 million; and (iii) interest of S\$0.1 million received from the bank.

The Group's net cash flows used in financing activities was S\$4.8 million in FY2019, mainly due to (i) repayment of bank borrowings of S\$2.7 million; (ii) dividend paid of S\$1.4 million; and (iii) increase in the fixed deposit of S\$0.5 million placed with a bank.

As a result, cash and cash equivalents increased by S\$4.2 million in FY2019.

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 F&B industry is expected to face continuous challenges driven by intensifying competition and higher cost pressures posed by a tighter labour and rental market. Nonetheless, the Group is confident to overcome the challenges through expansion via strategic partnerships and further improve labour shortage issues by implementing digitalised solutions.

The Group seeks to grow its top-line by increasing its current network of outlets in the Quick-Service restaurants, Convenience and Others segment and revamping of existing outlets to improve the overall performance. On the costs front, Management will remain dedicated towards improving work flow processes and enhancing labour productivity. Together with the optimisation of its Central Kitchen function, the Group seeks to explore further operational efficiencies.

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

FY2019
Final Dividend Exempt (1-tier)
Cash
354,000
0.45 cent

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

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
0.40 cent

11. Dividend (Cont'd)

(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 and the reason(s) for the decision.

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	4,563	2,437
Refurbishment and improvement of our existing F&B Outlets	2,000	2,000	-
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	9,443	2,437

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
2019					
Revenue by segment					
Total revenue by segment	99,259	41,745	–	–	141,004
Inter-segment sales	–	6,103	–	(6,103)	–
Total revenue	<u>99,259</u>	<u>47,848</u>	<u>–</u>	<u>(6,103)</u>	<u>141,004</u>
Recurring EBITDA	16,112	5,171	(7,589)	–	13,694
Depreciation	(3,963)	(1,760)	(2,339)	–	(8,062)
Finance costs	–	–	(288)	–	(288)
ORBT	–	–	–	–	5,344
Income tax expense	–	–	(1,365)	–	(1,365)
Profit, net of income tax					<u>3,979</u>
	<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>

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:				
2019	<u>26,536</u>	<u>12,080</u>	<u>25,594</u>	<u>64,210</u>
2018	<u>25,753</u>	<u>10,506</u>	<u>28,240</u>	<u>64,499</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:				
2019	<u>7,257</u>	<u>4,105</u>	<u>14,594</u>	<u>25,956</u>
2018	<u>6,950</u>	<u>4,010</u>	<u>17,939</u>	<u>28,899</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>				
2019	<u>1,952</u>	<u>829</u>	<u>717</u>	<u>3,498</u>
2018	<u>4,279</u>	<u>1,836</u>	<u>920</u>	<u>7,035</u>

15E. Geographical information

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

15F. A breakdown of sales

	<u>Group</u>		<u>Increase/</u>
	<u>FY2019</u>	<u>FY2018</u>	<u>(decrease)</u>
	S\$'000	S\$'000	%
Sales reported for:			
(a) First half of the financial year	71,883	71,674	0.3%
(b) Second half of the financial year	69,121	70,620	(2.1%)
	<u>141,004</u>	<u>142,294</u>	<u>(0.9%)</u>
Profit attributable to owners of the Company reported for:			
(a) First half of the financial year	2,151	1,773	21.3%
(b) Second half of the financial year	1,890	1,795	5.3%
	<u>4,041</u>	<u>3,568</u>	<u>13.2%</u>

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>FY2019</u> \$'000	<u>FY2018</u> \$'000
Ordinary dividend – Final	1,593*	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 FY2019 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

Foo Kah Lee
Executive Director and CEO
Date: 19 August 2019

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 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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