

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

- 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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			
	Q3'18	Q3'17	Change	
	S\$'000	S\$'000	S\$'000	%
Revenue	105,014	97,475	7,539	7.7
Sub-contractor expenses	(65,146)	(63,049)	(2,097)	-3.3
Gross profit	39,868	34,426	5,442	15.8
Other income	1,433	1,280	153	12.0
Selling, general, administrative and other expenses ("SG&A"):				
Other employee benefit expenses	(19,341)	(17,630)	(1,711)	-9.7
Facilities and depreciation expenses	(2,890)	(2,663)	(227)	-8.5
Selling expenses	(1,223)	(1,019)	(204)	-20.0
Other expenses	(951)	(745)	(206)	-27.7
	(24,405)	(22,057)	(2,348)	-10.6
Profit before income tax	16,896	13,649	3,247	23.8
Income tax expense	(3,232)	(2,645)	(587)	-22.2
Profit for the period	13,664	11,004	2,660	24.2
Other comprehensive income :				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(246)	(351)	105	29.9
Other comprehensive income for the period, net of tax	(246)	(351)	105	29.9
Total comprehensive income for the period	13,418	10,653	2,765	26.0
Profit attributable to:				
Owners of the Company ("PATMI")	12,596	10,695	1,901	17.8
Non-controlling interests	1,068	309	759	245.6
	13,664	11,004	2,660	24.2
Total comprehensive income attributable to:				
Owners of the Company	12,474	10,388	2,086	20.1
Non-controlling interests	944	265	679	256.2
	13,418	10,653	2,765	26.0

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1 (a) (ii) Notes to consolidated statements of profit or loss and other comprehensive income

The Group's profit for the period has been arrived at after crediting the following:

	Q3'18	Q3'17
	S\$'000	S\$'000
Interest Income	906	611

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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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Sep-18	31-Dec-17 (Restated)	30-Sep-18	31-Dec-17
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	275,367	289,090	141,803	180,252
Trade receivables	78,873	74,556	-	-
Other receivables and prepayments	5,453	3,992	44,295	51,258
Marketable securities	21,407	5,546	21,369	5,512
Total current assets	381,100	373,184	207,467	237,022
Non-current assets				
Pledged deposits	841	727	-	-
Plant and equipment	1,507	792	-	-
Intangible assets	155	222	-	-
Goodwill	13,822	-	-	-
Subsidiaries	-	-	48,427	48,427
Unquoted equity investments	6,299	-	5,799	-
Deferred tax assets	701	542	-	-
Total non-current assets	23,325	2,283	54,226	48,427
Total assets	404,425	375,467	261,693	285,449
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	6,153	6,152	-	-
Other payables and accruals	37,039	39,783	143	399
Deferred considerations	5,034	-	-	-
Income tax payable	8,811	8,763	294	181
Total current liabilities	57,037	54,698	437	580
Non-current liability				
Other payables	8,623	-	-	-
Total liabilities	65,660	54,698	437	580
Capital and reserves				
Share capital	260,605	260,605	260,605	260,605
Treasury shares	(4,198)	-	(4,198)	-
Equity reserve	(47,563)	(47,534)	(437)	(437)
Share-based payment reserve	1,805	1,437	1,805	1,437
Translation reserve	64	(43)	-	-
Retained earnings	116,705	98,025	3,481	23,264
Equity attributable to owners of the Company	327,418	312,490	261,256	284,869
Non-controlling interests	11,347	8,279	-	-
Total equity	338,765	320,769	261,256	284,869
Total liabilities and equity	404,425	375,467	261,693	285,449

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- 1 (b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year**

The Group and Company have no borrowings and/or debt securities as at 30 September 2018 and 31 December 2017.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Q3'18 S\$'000	Q3'17 S\$'000
<u>Operating activities</u>		
Profit before income tax	16,896	13,649
Adjustments for:		
Depreciation of plant and equipment	242	188
Amortisation of intangibles assets	22	22
Interest income	(906)	(611)
Dividend income	(112)	-
Share-based payment expenses	311	535
Gain on revaluation of marketable securities	(265)	(494)
Allowance for doubtful receivables	181	17
Operating cash flows before movements in working capital	16,369	13,306
Trade receivables	2,818	(1,641)
Other receivables and prepayments	45	(148)
Trade payables	(300)	(340)
Other payables and accruals	(780)	(1,975)
Cash generated from operations	18,152	9,202
Interest received	693	176
Income tax paid	(4,418)	(3,625)
Net cash from operating activities	14,427	5,753
<u>Investing activities</u>		
Dividends received	167	-
Purchase of plant and equipment	(466)	(47)
Capital contributions by non-controlling interest in a subsidiary	108	-
Acquisition of a subsidiary	(367)	-
Purchase of marketable securities	(5,391)	(4,387)
Net cash used in investing activities	(5,949)	(4,434)
<u>Financing activities</u>		
Dividends paid to non-controlling shareholders	-	(280)
Dividends paid	-	(3,456)
Placement of pledged deposits	(116)	-
Purchase of treasury shares	(3,562)	-
Net cash used in financing activities	(3,678)	(3,736)
Net increase (decrease) in cash and cash equivalents	4,800	(2,417)
Cash and cash equivalents at beginning of the period	271,004	279,242
Effect of foreign exchange rate changes	(437)	(355)
Cash and cash equivalents at end of the period	275,367	276,470

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- 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 FOR THE GROUP

	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2018	260,605	(636)	(47,554)	1,494	186	104,069	318,164	10,147	328,311
<u>Total comprehensive income for the period</u>									
Profit for the period	-	-	-	-	-	12,596	12,596	1,068	13,664
Other comprehensive income for the period	-	-	-	-	(122)	-	(122)	(124)	(246)
<u>Transactions with owners, recognised directly in equity</u>									
Purchase of treasury shares	-	(3,562)	-	-	-	-	(3,562)	-	(3,562)
Liquidation of subsidiary	-	-	(9)	-	-	40	31	(31)	-
Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	297	297
Decrease in capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	(10)	(10)
Recognition of share-based payment	-	-	-	311	-	-	311	-	311
Balance as at 30 September 2018	260,605	(4,198)	(47,563)	1,805	64	116,705	327,418	11,347	338,765

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

	Share capital	Equity reserve	Share-based payment reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2017, as previously reported	258,808	(45,746)	89	(2,129)	77,478	288,500	7,493	295,993
Effect of transition to SFRS(I)	-	-	-	2,298	(2,298)	-	-	-
Balance as at 1 July 2017, as adjusted under SFRS(I)	258,808	(45,746)	89	169	75,180	288,500	7,493	295,993
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	10,695	10,695	309	11,004
Other comprehensive income for the period	-	-	-	(307)	-	(307)	(44)	(351)
<u>Transactions with owners, recognised directly in equity</u>								
Issuance of shares	1,797	(1,797)	-	-	-	-	-	-
Changes in ownership interests in subsidiary	-	9	-	-	-	9	-	9
Recognition of share-based payment	-	-	534	-	-	534	-	534
Balance as at 30 September 2017, as restated	260,605	(47,534)	623	(138)	85,875	299,431	7,758	307,189

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

STATEMENTS OF CHANGES IN EQUITY FOR THE COMPANY

	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2018	260,605	(636)	(437)	1,494	2,577	263,603
<u>Total Comprehensive Income</u>						
Profit for the period	-	-	-	-	904	904
<u>Transactions with owners, recorded directly in equity</u>						
Purchase of treasury shares	-	(3,562)	-	-	-	(3,562)
Recognition of share-based payment	-	-	-	311	-	311
Balance as at 30 September 2018	260,605	(4,198)	(437)	1,805	3,481	261,256

	Share capital	Equity reserve	Share-based payment reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2017	258,808	1,361	89	(2,429)	257,829
<u>Total Comprehensive Income</u>					
Profit for the period	-	-	-	890	890
<u>Transactions with owners, recorded directly in equity</u>					
Issuance of new shares	1,797	(1,797)	-	-	-
Recognition of share-based payment	-	-	534	-	534
Balance as at 30 September 2017	260,605	(436)	623	(1,539)	259,253

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

	Number of shares	Share Capital S\$'000
As at 1 July 2018	1,010,656,472	259,969
Purchase of treasury shares	(4,000,000)	(3,562)
As at 30 September 2018	1,006,656,472	256,407
	As at 30 Sep 2018	As at 30 Sep 2017
Number of treasury shares	4,750,400	-
Number of issued shares excluding treasury shares	1,006,656,472	1,011,406,872
Percentage of issued shares excluding treasury shares (%)	0.4719%	n.m.

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 30 September 2018 and 30 September 2017.

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

	As at 30 Sep 2018	As at 31 Dec 2017
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(4,750,400)	-
Issued shares excluding treasury shares	1,006,656,472	1,011,406,872

- 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.**

	Number of shares
As at 1 July 2018	750,400
Treasury shares purchased	4,000,000
As at 30 September 2018	4,750,400

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- 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 sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current 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 auditors of the Company.

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

Not applicable.

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

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2017, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which becomes effective from annual periods beginning on or after 1 January 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 the new SFRS(I) framework in 2018 and concurrently applied the following SFRS(I), INT SFRS(I) and requirements of SFRS(I) which are mandatorily effective on or after 1 January 2018. The application of the new and revised standards and interpretations has no material effect on the financial statements, except as described below:

SFRS(I) 1 First-time Adoption of SFRS(I)

Translation reserve:

The Group's translation reserve which arose from the translation differences for all foreign operations has been transferred to retained earnings upon adoption of SFRS(I) (i.e. 1 January 2017).

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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	
	Q3'18	Q3'17
PATMI (S\$'000)	12,569	10,695
Number of shares ⁽¹⁾ ('000)		
- Basic	1,019,894	1,010,590
- Diluted	1,023,498	1,016,996
Earnings per share ("EPS") (cents)		
- Basic	1.23	1.06
- Diluted	1.23	1.05

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 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Net asset value (S\$'000)	327,420	312,490	261,256	284,869
Number of ordinary shares ('000)	1,006,656	1,011,407	1,006,656	1,011,407
Net asset value per share (cents)	32.53	30.90	25.95	28.17

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF GROUP'S PERFORMANCE

PATMI grew by 17.5% to S\$12.6m as a result of the strong improvement in net profit after tax ("NPAT") that increased by 23.9% to S\$13.6m:

- a. Revenue grew by 7.7% to S\$105.0m as the Group delivered its fourth consecutive quarter in excess of S\$100m. Gross Profit grew by 15.8% to a record high of S\$39.9m.
 - i. Professional recruitment:
Revenue grew by 22.2% to S\$27.6m and gross profit by 21.7% to S\$27.5m, mainly attributable to the strong performance of our existing business units in North Asia (particularly Mainland China and Hong Kong) and Singapore and the positive contribution arising from the consolidation of our first month of operations with REForce and HRnet Rimbun. Having placed 2,408 talents as compared to 2,186 in the last year, our average gross profit increased by 10.5% to S\$11,415 per placement.
 - ii. Flexible Staffing:
Revenue grew by 3.4% to S\$76.7m and gross profit by 5.7% to S\$11.8m, largely led by our business units in Singapore and Hong Kong. The monthly average of contractor employees managed by us increased by 8.1% to 11,392.

Gross profit margin increased from 35.3% to 38.0% as the contribution from professional recruitment increased from 65.6% to 68.9%. (Professional recruitment carries 99.5% gross profit margin);

- b. Cost effectiveness improved as SG&A reduced from 64.1% to 61.3% of gross profit. Our permanent heartcount increased by 107 to 925 of which 84.8% were sales people, the proportion of that achieving gross profit in excess of 3 times their payroll cost ("PHC") jumped to 71.6% as compared to 68.6% last year. The increase of S\$1.7m in profit-sharing incentives and bonuses was in line with the top line growth brought about by our record high of 561 PHCs (including 78 additions this quarter) which effectively optimised our staff costs at 48.5% of gross profit as compared to 51.2% last year.

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REVIEW OF GROUP'S FINANCIAL POSITION

During the quarter, the Group's cash and cash equivalents increased by S\$4.4m mainly due to S\$14.4m generated from operating activities being invested in \$5.4m of marketable securities, S\$3.6m of share buyback, the first tranche consideration of S\$0.4m for the acquisition of REForce, and the purchase of fixed assets totaling S\$0.5m for the general upkeep of our offices.

With the completion of the acquisition of REForce and HRnet Rimbun during the quarter, S\$13.8m was recognized as goodwill for parts of the expected consideration in excess of the net asset value of the businesses acquired. In view of the expected consideration being payable over 3 tranches during the agreed earned-out period, S\$5.0m being parts payable within the next twelve months was treated as deferred considerations under current liabilities, while S\$8.6m payable thereafter as other payables under non-current liability.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Our M&A activities announced previously are now beginning to bear fruits. We added Suzhou and Jakarta to a total of 13 cities of coverage in Asia. The results are not expected to be material in contribution this year:

- a. REForce and HRnet Rimbun have been consolidated upon completion of the acquisitions from 1 September 2018; and
- b. Center Point Personnel shall be consolidated upon completion of the acquisition from 2 October 2018.

Our organic expansion engine have also started to rev up as we

- i. Incorporated RecruitFirst Staffing Services Sdn Bhd and Agensi Pekerjaan RecruitFirst Sdn Bhd to start up another flexible staffing business with our existing co-owner Daniel Choong in Malaysia;
- ii. Prepare for the setting up of RecruitFirst Shanghai as a flexible staffing business; and
- iii. Prepare for the setting up of HRnetOne Shenzhen as a professional recruitment business in new specializations such as artificial intelligence in China.

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11. Dividend

- a. **Any dividend declared for the current financial period reported on?**
Nil.
- b. **Corresponding period of the immediately preceding financial year?**
None that was not previously reported in the Prospectus.
- c. **The date the dividend is payable.**
Not applicable.
- d. **The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**
Not applicable.

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

Not applicable.

13. If the Group has obtained a general 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 interested persons transactions.

14. Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors hereby confirms, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for period ended 30 September 2018 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

16. Use of IPO Proceeds

As of 30 September 2018, the Company has deployed S\$34.2m of its S\$174.1m IPO Proceeds in IPO-related expenses (S\$9.1m), purchase of marketable securities (\$18.4m), purchase of unquoted securities (S\$6.2m) and investment in subsidiaries (S\$0.5m).

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By order of the Board

Sim Yong Siang
Founding Chairman
08 November 2018

Adeline Sim Wei Ling
Chief Legal Officer and Executive Director
08 November 2018

*The admission and listing of the Company on the Singapore Exchange Securities Trading Limited (the "**Listing**") was sponsored by Deutsche Bank AG, Singapore Branch. Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch, DBS Bank Ltd. and Nomura Singapore Limited were the joint bookrunners and underwriters for the Listing. Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch, DBS Bank Ltd. and Nomura Singapore Limited assume no responsibility for the contents of this Announcement.*