



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

Unaudited Financial Statements

For the third quarter ended 31 March 2020

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 Sponsor and the SGX-ST assume 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 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.

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		Increase / (decrease)	Group		Increase / (decrease)
	Unaudited	Unaudited		Unaudited	Unaudited	
	3Q	3Q		9M	9M	
	FY2020	FY2019		FY2020	FY2019	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	30,297	35,507	(14.7%)	96,775	107,390	(9.9%)
Raw materials and consumables used	(8,828)	(9,655)	(8.6%)	(26,262)	(29,510)	(11.0%)
Changes in inventories of finished goods	85	(363)	N.M.	(825)	(44)	N.M.
Other operating income	764	775	(1.4%)	1,183	1,998	(40.8%)
Employee benefits expense	(12,063)	(12,421)	(2.9%)	(38,826)	(37,120)	4.6%
Operating lease expenses	(293)	(6,356)	(95.4%)	(936)	(19,287)	(95.1%)
Utilities expenses	(1,018)	(1,089)	(6.5%)	(3,018)	(3,306)	(8.7%)
Depreciation expense	(7,116)	(2,021)	N.M.	(21,039)	(6,235)	N.M.
Other operating expenses	(2,419)	(2,340)	3.4%	(7,427)	(6,929)	7.2%
Other expenses – Non-operating	(465)	(297)	56.6%	(2,551)	(2,022)	26.2%
Finance costs	(1,253)	(73)	N.M.	(2,978)	(212)	N.M.
(Loss) / profit before income tax	(2,309)	1,667	N.M.	(5,904)	4,723	N.M.
Income tax expense	108	(423)	N.M.	(155)	(1,328)	(88.3%)
(Loss) / profit, net of income tax	(2,201)	1,244	N.M.	(6,059)	3,395	N.M.
Other comprehensive income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of income tax	42	(8)	N.M.	38	8	N.M.
Total comprehensive (loss) / income	(2,159)	1,236	N.M.	(6,021)	3,403	N.M.
(Loss) / profit attributable to owners of the Company, net of income tax	(2,205)	1,262	N.M.	(5,966)	3,413	N.M.
Loss attributable to non-controlling interest, net of income tax	4	(18)	N.M.	(93)	(18)	N.M.
(Loss) / profit net of income tax	(2,201)	1,244	N.M.	(6,059)	3,395	N.M.
Total comprehensive (loss) / income attributable to owners of the Company	(2,163)	1,254	N.M.	(5,928)	3,421	N.M.
Total comprehensive loss attributable to non-controlling interest	4	(18)	N.M.	(93)	(18)	N.M.
Total comprehensive (loss) / income	(2,159)	1,236	N.M.	(6,021)	3,403	N.M.

N.M.: Not Meaningful

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

	Group			Group		
	Unaudited	Unaudited	Increase/ (decrease)	Unaudited	Unaudited	Increase/ (decrease)
	3Q	3Q		9M	9M	
	FY2020	FY2019		FY2020	FY2019	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Government grant	(485)	(477)	1.7%	(674)	(684)	(1.5%)
Interest income	(29)	-	N.M.	(155)	-	N.M.
Other income	(250)	(235)	6.4%	(354)	(1,193)	(70.3%)
Depreciation expense						
- property, plant and equipment	1,730	2,021	(14.4%)	5,236	6,235	(16.0%)
- right-of-use assets ⁽¹⁾	5,386	-	N.M.	15,803	-	N.M.
Gain on disposal of plant and equipment	-	(0)*	N.M.	44	(0)*	N.M.
Plant and equipment written off	23	1	N.M.	913	976	(6.5%)
Finance costs						
- interest expense on borrowings	60	73	(17.8%)	190	-	N.M.
- lease-related interest expense ⁽¹⁾	1,193	-	N.M.	2,788	-	N.M.
Share-based payment ⁽²⁾	-	-	N.M.	2,625	-	N.M.

Notes:

- (1) With effect from the financial year beginning 1 July 2019, the Group has adopted SFRS(I) 16 – Leases. The detailed impact from the adoption is presented in paragraph 5 of this announcement.
- (2) A non-recurring, non-cash expense incurred in accordance with SFRS(I) 2 relating to the transfer of shares from Mr. Yek Hong Liat John, Executive Director (“ED”), to Mr. Foo Kah Lee, Chief Executive Officer and ED, as well as Mr. Lim Shyang Zheng, Chief Operating Officer and ED, by way of gift on 29 August 2019. This transaction was accounted for under SFRS(I) 2 as a share-based payment transaction, as the shares were transferred to employees of the Company in exchange for services, although the shares were not transferred by the Company directly. The fair value of the shares of S\$2,625,000 has been recorded as an expense in the profit or loss with a corresponding increase in share-based payment reserve.

N.M.: Not Meaningful

1(b) (i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Statements of Financial Position

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.03.2020	30.06.2019	31.03.2020	30.06.2019
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	34,007	33,711	-	-
Investment in subsidiaries	-	-	21,738	21,738
Other receivables, non-current	-	-	10,971	10,671
Other assets, non-current	3,902	3,027	-	-
Right-of-use assets	86,570	-	-	-
Total non-current assets	124,479	36,738	32,709	32,409
Current assets				
Inventories	3,721	2,896	-	-
Trade and other receivables, current	1,132	2,627	1,930	-
Other assets, current	2,664	3,766	22	7
Cash and cash equivalents	14,270	18,183	112	2,758
Total current assets	21,787	27,472	2,064	2,765
Total assets	146,266	64,210	34,773	35,174
Equity and liabilities				
Share capital	32,307	32,307	32,307	32,307
Retained earnings	11,974	24,115	(1,848)	2,297
Merger reserve ⁽¹⁾	(18,149)	(18,149)	-	-
Share-based payment reserve ⁽²⁾	2,625	-	2,625	-
Foreign currency translation reserve	(17)	(55)	-	-
Equity attributable to owners of the parent	28,740	38,218	33,084	34,604
Non-controlling interest	(12)	36	-	-
Total equity	28,728	38,254	33,084	34,604

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	Audited
	31.03.2020	30.06.2019	31.03.2020	30.06.2019
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Deferred tax liabilities	1,206	1,206	-	-
Provision, non-current	1,587	1,632	-	-
Other financial liabilities, non-current	8,633	9,353	-	-
Lease liabilities, non-current	71,615	-	-	-
Total non-current liabilities	83,041	12,191	-	-
Current liabilities				
Income tax payable	376	1,689	24	12
Trade and other payables	12,478	11,363	1,665	558
Other financial liabilities, current	875	626	-	-
Other liabilities	77	87	-	-
Lease liabilities, current	20,691	-	-	-
Total current liabilities	34,497	13,765	1,689	570
Total liabilities	117,538	25,956	1,689	570
Total equity and liabilities	146,266	64,210	34,773	35,174

Notes:

- (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.
- (2) Share-based payment reserve relates to transfer of shares from Mr. Yek Hong Liat John, ED, to Mr. Foo Kah Lee, Chief Executive Officer and ED, as well as Mr. Lim Shyang Zheng, Chief Operating Officer and ED, by way of gift on 29 August 2019. This transaction was accounted for under SFRS(I) 2 as a share-based payment transaction, as the shares were transferred to employees of the Company in exchange for services, although the shares were not transferred by the Company directly. A corresponding entry has been taken up in employee benefit expense. This is a non-recurring and non-cash expense.

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

	Group Unaudited 31.03.2020		Group Audited 30.06.2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(A) Amount repayable in one year or less, or on demand;	875	-	626	-
(B) Amount repayable after one year	8,633	-	9,353	-
	<u>9,508</u>	<u>-</u>	<u>9,979</u>	<u>-</u>

Details of any collaterals:

The banking facilities of the Group as at 31 March 2020 comprised 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 factory building (for the bank loans); 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	Unaudited
	3Q FY2020	3Q FY2019	9M FY2020	9M FY2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
(Loss) / Profit before income tax	(2,309)	1,667	(5,904)	4,723
Adjustments for:				
Interest income	(29)	(8)	(155)	(25)
Interest expense on borrowings	60	73	190	212
Lease-related interest expense	1,193	-	2,788	-
Plant and equipment written off	23	1	913	976
Depreciation of property, plant and equipment	1,730	2,021	5,236	6,235
Depreciation of right of use assets	5,386	-	15,803	-
Share-based payment	-	-	2,625	-
Loss on disposal of plant and equipment	-	(0)*	44	(0)*
Net effect of exchange rate changes in consolidating foreign operations	43	(8)	38	15
Operating cash flows before changes in working capital	6,097	3,746	21,578	12,136
Inventories	85	363	(825)	44
Trade and other receivables, current	292	(1,127)	1,495	(1,281)
Reinstatement cost utilised	(41)	15	(45)	(77)
Trade and other payables, current	1,793	(327)	1,115	90
Other assets, current	891	295	1,102	1,198
Other liabilities	(3)	111	(10)	105
Net cash flows from operations	9,114	3,076	24,410	12,215
Income tax paid	(532)	(547)	(1,468)	(1,480)
Net cash flows from operating activities	8,582	2,529	22,942	10,735
Cash flows from investing activities:				
Purchase of plant and equipment	(3,379)	(658)	(6,502)	(2,614)
Proceeds from disposal of plant and equipment	9	-	13	-
Other assets, non-current	222	(200)	(875)	(961)
Interest received	29	8	155	25
Net cash flows used in investing activities	(3,119)	(850)	(7,209)	(3,550)
Cash flows from financing activities:				
Decrease in other financial liabilities	(160)	(169)	(471)	(1,549)
Interest portion of lease liabilities paid	(1,193)	-	(2,788)	-
Repayment of lease obligations	(4,689)	-	(14,649)	-
Capital contribution from a non-controlling interest	-	98	45	98
Dividends paid	-	-	(1,593)	(1,416)
Interest paid	(60)	(73)	(190)	(212)
Net cash flows used in financing activities	(6,102)	(144)	(19,646)	(3,079)
Net (decrease) increase in cash and cash equivalents	(639)	1,535	(3,913)	4,106
Cash and cash equivalents at beginning of year	12,745	14,436	16,019	11,865
Cash and cash equivalents at end of year	12,106	15,971	12,106	15,971
Notes to Statement of Cash Flows:				
Cash and cash equivalents in the statement of financial position	14,270	17,631	14,270	17,631
Cash restriction in use over 3 months	(2,164)	(1,660)	(2,164)	(1,660)
Cash and cash equivalents as shown above	12,106	15,971	12,106	15,971

* - Less than S\$1,000

- 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	Share-based payment 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 2019, as previously reported	32,307	(18,149)	-	(55)	24,115	38,218	36	38,254
Impact of adopting SFRS(I) 16	-	-	-	-	(4,582)	(4,582)	-	(4,582)
Balance as at 1 July 2019 (Restated)	32,307	(18,149)	-	(55)	19,533	33,636	36	33,672
Total comprehensive income (loss) for the period	-	-	-	13	(3,512)	(3,499)	(83)	(3,582)
Capital contribution from a non-controlling interest	-	-	-	-	-	-	45	45
Share-based payments	-	-	2,625	-	-	2,625	-	2,625
Balance as at 30 September 2019	32,307	(18,149)	2,625	(42)	16,021	32,762	(2)	32,760
Total comprehensive loss for the period	-	-	-	(17)	(249)	(266)	(14)	(280)
Dividends paid	-	-	-	-	(1,593)	(1,593)	-	(1,593)
Balance as at 31 December 2019	32,307	(18,149)	2,625	(59)	14,179	30,903	(16)	30,887
Total comprehensive income (loss) for the period	-	-	-	42	(2,205)	(2,163)	4	(2,159)
Balance as at 31 March 2020	32,307	(18,149)	2,625	(17)	11,974	28,740	(12)	28,728

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	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	-	-	12	704	716	-	716
Balance as at 30 September 2018	32,307	(18,149)	(36)	22,194	36,316	-	36,316
Total comprehensive income for the period	-	-	4	1,447	1,451	-	1,451
Dividends paid	-	-	-	(1,416)	(1,416)	-	(1,416)
Balance as at 31 December 2018	32,307	(18,149)	(32)	22,225	36,351	-	36,351
Total comprehensive (loss) income for the period	-	-	(8)	1,262	1,254	(18)	1,236
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

- 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	Other reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>Company (Unaudited)</u>				
Balance as at 1 July 2019	32,307	-	2,297	34,604
Total comprehensive income for the period	-	-	(2,598)	(2,598)
<u>Contributions by and distributions to owners</u>				
Share-based payments	-	2,625	-	2,625
Balance as at 30 September 2019	32,307	2,625	(301)	34,631
Total comprehensive income for the period	-	-	25	25
Dividends paid	-	-	(1,593)	(1,593)
Balance as at 31 December 2019	32,307	2,625	(1,869)	33,063
Total comprehensive income for the period	-	-	21	21
Balance as at 31 March 2020	32,307	2,625	(1,848)	33,084

	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	-	32	32
Balance as at 30 September 2018	32,307	3,607	35,914
Total comprehensive income for the period	-	39	39
Dividends paid	-	(1,416)	(1,416)
Balance as at 31 December 2018	32,307	2,230	34,537
Total comprehensive income for the period	-	32	32
Balance as at 31 March 2019	32,307	2,262	34,569

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 December 2019.

The Company has no treasury shares or convertible instruments as at 31 March 2020 and as at 31 March 2019.

- 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
	31.03.2020	30.06.2019
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 modifications or emphasis of a matter).**

Not applicable as the figures have not been audited or reviewed by the Company's auditors.

- 3(a). Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion.**

Not applicable as there was no adverse opinion, qualified opinion or disclaimer of opinion in the Group's latest financial statements.

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 applied the same accounting policies and methods of computation in the financial statements for the current period compared with the annual audited financial statements for the year ended 30 June 2019, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for its financial year beginning 1 July 2019.

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 2019. The impact of adopting the following SFRS(I) which are effective for the financial year beginning 1 July 2019, are detailed as follows:

SFRS(I) 16 – Leases

SFRS(I) 16 requires lessees to recognise most leases on statements of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted SFRS(I) 16 and elected to apply the standard retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 July 2019. In addition, the Group elected the following practical expedients:

- (i) Not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- (ii) To apply the exemption not to recognise right-of-use asset and liabilities to lease for which the lease term ends within 12 months as at 1 July 2019; and
- (iii) To apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

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. (cont'd)

Summary of Impact

Group S\$'000	1 July 2019	SFRS(I) 16	1 July 2019 (Restated)
Non-Current Assets			
Right-of-use assets	-	92,483	92,483
Non-Current Liabilities			
Lease liabilities	-	87,222	87,222
Current Liabilities			
Lease liabilities	-	9,843	9,843
Equity			
Retained earnings	24,115	(4,582)	19,533

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 3Q FY2020	Unaudited 3Q FY2019	Unaudited 9M FY2020	Unaudited 9M FY2019
<u>(Loss) / Earnings per share ("EPS")</u>				
(Loss) / Profit attributable to owners of the Company (S\$'000)	(2,201)	1,244	(6,059)	3,395
(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)	(0.62)	0.35	(1.71)	0.96

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

	Group		Company	
	31.03.2020	30.06.2019	31.03.2020	30.06.2019
Net asset value (" NAV ") (S\$'000)	28,740	38,218	33,084	34,604
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)	8.12	10.80	9.35	9.78

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
3Q FY2020 compared to 3Q FY2019

	Group Unaudited		Increase/ (decrease) %	Group Unaudited		Increase/ (decrease) %
	3Q	3Q		9M	9M	
	FY2020 S\$'000	FY2019 S\$'000		FY2020 S\$'000	FY2019 S\$'000	
Full-Service Restaurants	19,880	24,665	(19.4%)	65,638	75,884	(13.5%)
Quick-Service Restaurants, Convenience and Others	10,417	10,842	(3.9%)	31,137	31,506	(1.2%)
	<u>30,297</u>	<u>35,507</u>		<u>96,775</u>	<u>107,390</u>	

Revenue

The Group's revenue decreased by 14.7%, or approximately S\$5.2 million, from S\$35.5 million in 3Q FY2019 to S\$30.3 million in 3Q FY2020.

Revenue from Full Service Restaurants ("FSR") segment declined by 19.4% or S\$4.8 million, from S\$24.7 million in 3Q FY2019 to S\$19.9 million in 3Q FY2020. This was mainly attributed to weaker consumer demand due to the COVID-19 pandemic. The decrease in sales was also contributed by the interim closure of FSR outlets at Great World (previously known as "Great World City") due to the mall enhancement works since FY2019. The outlets have since re-opened in February 2020 under the Quick-Service Restaurants, Convenience and Others ("QSR") segment.

The revenue for QSR segment decreased by 3.9% or approximately S\$0.4 million, from S\$10.8 million in 3Q FY2019 to S\$10.4 million in 3Q FY2020 mainly due to the closure of an outlet in February 2020 and weaker consumer demand due to the COVID-19 pandemic, offset by the increased contribution from the revamped Jurong Point and Great World outlets which re-opened as QSR outlets in October 2019 and February 2020 respectively.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) remained relatively constant at 28.9% and 28.2% of total revenue for 3Q FY2020 and 3Q FY2019 respectively.

Other operating income

Other operating income remained constant at approximately S\$0.8 million for 3Q FY2020 and 3Q FY2019.

Employee benefits expense

Employee benefits expense decreased by 2.9% or approximately S\$0.4 million, from S\$12.4 million in 3Q FY2019 to S\$12.1 million in 3Q FY2020 and as a proportion to revenue, employee benefits expense increased from 35.0% for 3Q FY2019 to 39.8% for 3Q FY2020. The increase was mainly due to continued payment of salaries despite the interim closure of the Group's outlets at Great World and weaker consumer demand due to the COVID-19 pandemic.

Operating lease expenses

Operating lease expenses decreased by 95.4% or approximately S\$6.1 million, from S\$6.4 million in 3Q FY2019 to S\$0.3 million in 3Q FY2020, mainly due to adoption of SFRS(I)16, where operating leases are accounted for as a "Right-of-use asset" and depreciated accordingly, with the expenses recognised as "Depreciation expense".

Utilities expense

Utilities expenses decreased by 6.5% or approximately S\$0.1 million, from S\$1.1 million in 3Q FY2019 to S\$1.0 million in 3Q FY2020. As a proportion of total revenue, utilities expenses remained relatively constant at 3.4% and 3.1% in 3Q FY2020 and 3Q FY2019 respectively.

Consolidated Statement of Comprehensive Income (cont'd)
3Q FY2020 compared to 3Q FY2019 (cont'd)

Depreciation expense

Depreciation expense increased by 252.1% or approximately S\$5.1 million, from S\$2.0 million in 3Q FY2019 to S\$7.1 million in 3Q FY2020, mainly due to adoption of SFRS(I)16, where operating leases are accounted for as a "Right-of-use asset" and depreciated accordingly, with the expenses recognised as "Depreciation expense". Excluding the impact of SFRS(I)16, depreciation expense decreased from S\$2.0 million in 3Q FY2019 to S\$1.7 million in 3Q FY2020, mainly due to interim closure of outlets for revamping of certain food concepts at Great World. These outlets have since re-opened in February 2020.

Other operating expenses

Other operating expenses increased by 3.4% or approximately S\$0.1 million, from S\$2.3 million in 3Q FY2019 to S\$2.4 million in 3Q FY2020. This was mainly attributed to an increase in commission of S\$0.1 million which was mainly paid to food delivery companies.

Other expenses – Non-operating

Other expenses – non-operating increased by 56.6% or approximately S\$0.2 million, from S\$0.3 million in 3Q FY2019 to S\$0.5 million in 3Q FY2020. This was mainly attributed to an increase in professional fees of approximately S\$74,000 in 3Q FY2020 incurred in relation to the revamping of outlets at Great World and an increase in plant and equipment written off of S\$22,000 in relation to the closure of an outlet at Hillion Mall.

Finance costs

Finance costs increased by approximately S\$1.2 million, from S\$0.1 million in 3Q FY2019 to S\$1.3 million in 3Q FY2020 mainly due to adoption of SFRS(I)16, where interest expense on lease liabilities is a component of finance cost. Excluding the impact of SFRS(I)16, finance costs remained relatively constant at approximately S\$0.1 million for 3Q FY2020 and 3Q FY2019.

(Loss) / profit before income tax

The Group recorded a loss before tax of S\$2.3 million in 3Q FY2020, largely attributable to the interim closure of outlets at Great World and weaker consumer demand due to the COVID-19 outbreak.

Income tax expense

Income tax expense decreased by 125.5% or approximately S\$0.5 million, mainly due to availability of losses in current quarter to offset taxable profits in the previous quarters, resulting in a lower income tax expense.

(Loss) / profit net of income tax

As a result of the foregoing, the Group recorded a loss after tax of S\$2.2 million in 3Q FY2020.

9M FY2020 compared to 9M FY2019

Revenue

The Group's revenue declined by 9.9% or approximately S\$10.6 million, from S\$107.4 million in 9M FY2019 to S\$96.8 million in 9M FY2020.

Revenue from Full Service Restaurants segment declined by 13.5% or approximately S\$10.2 million, from S\$75.9 million in 9M FY2019 to S\$65.6 million in 9M FY2020. This was mainly attributed to the interim closure of Great World outlets due to the mall enhancement works since FY2019 and revamping of certain food concepts at Jurong Point in 1Q FY2020. The revamped outlets in Great World and Jurong Point have since re-opened in February 2020 and October 2019 respectively as outlets under the QSR segment. The decline in revenue is also partly contributed by a closure of an outlet in May 2019 and weaker consumer demand due to the COVID-19 pandemic.

Revenue from QSR segment declined by 1.2% or approximately S\$0.4 million, from S\$31.5 million in 9M FY2019 to S\$31.1 million in 9M FY2020. This was mainly attributed to the interim closure of Great World outlets due to the mall enhancement works in FY2019 which have since re-opened in February 2020, offset by an increase in QSR contribution from Jurong Point revamped outlets.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) increased marginally from 27.5% to 28.0% of total revenue for 9M FY2019 and 9M FY2020 respectively.

Other operating income

Other operating income decreased by 40.8% or approximately S\$0.8 million from S\$2.0 million in 9M FY2019 to S\$1.2 million in 9M FY2020. This was mainly due to compensation received from landlord for the Group's plant and equipment written off for its three outlets at Great World in relation to major enhancement works of the mall in FY2019. The compensation received amounted to approximately S\$1.0 million.

Employee benefits expense

Employee benefits expense increased by 4.6% or approximately S\$1.7 million, from S\$37.1 million in 9M FY2019 to S\$38.8 million in 9M FY2020. Employee benefits expense in 9M FY2020 included a share-based

Consolidated Statement of Comprehensive Income (cont'd)
9M FY2020 compared to 9M FY2019 (cont'd)

Employee benefits expense (cont'd)

payment amounting to approximately S\$2.6 million as a result of the transfer of shares from Mr. Yek Hong Liat John, Non-Executive Director, to Mr. Foo Kah Lee, Chief Executive Officer and Executive Director ("ED"), as well as Mr. Lim Shyang Zheng, Chief Operating Officer and ED, by way of gift on 29 August 2019. This transaction was accounted for under SFRS(I) 2 as a share-based payment transaction, as the shares were transferred to employees of the Company in exchange for services, although the shares were not transferred by the Company directly.

Excluding the impact of this share-based payment, employee benefits expense in 9M FY2020 would have decreased by 2.5% or approximately S\$0.9 million and as a proportion to revenue, employee benefits expense increased from 34.6% for 9M FY2019 to 37.4% for 9M FY2020. The increase was mainly due to continued payment of salaries despite the interim closure of the Group's outlets at Jurong Point and Great World and weaker consumer demand due to the COVID-19 pandemic.

Operating lease expense

Operating lease expenses decreased by 95.1% or approximately S\$18.4 million, from S\$19.3 million in 9M FY2019 to S\$0.9 million in 9M FY2020, mainly due to adoption of SFRS(I)16, where operating leases are accounted for as a "Right-of-use asset" and depreciated accordingly, with the expenses recognised as "Depreciation expense".

Utilities expenses

Utilities expenses decreased by 8.7% or approximately S\$0.3 million from S\$3.3 million in 9M FY2019 to S\$3.0 million in 9M FY2020. As a proportion of total revenue, utilities expenses remained relatively constant at 3.1% in 9M FY2020 and 9M FY2019 respectively.

Depreciation expense

Depreciation expense increased by 237.4% or approximately S\$14.8 million, from S\$6.2 million in 9M FY2019 to S\$21.0 million in 9M FY2020, mainly due to adoption of SFRS(I)16, where operating leases are accounted for as a "Right-of-use asset" and depreciated accordingly, with the expenses recognised as "Depreciation expense". Excluding the impact of SFRS(I)16, depreciation expense decreased from S\$6.2 million in 9M FY2019 to S\$5.2 million in 9M FY2020, mainly due to interim closure of outlets for revamp of certain food concepts at Jurong Point and Great World, which have since re-opened in October 2019 and February 2020 respectively.

Other operating expenses

Other operating expenses increased by 7.2% or approximately S\$0.5 million, from S\$7.0 million in 9M FY2019 to S\$7.4 million in 9M FY2020. This was mainly attributed to an increase in commission of S\$0.6 million which were mainly paid to food delivery companies as the Group is expanding its online food delivery services.

Other expenses – Non-operating

Other expenses – non-operating increased by 26.2% or approximately S\$0.5 million, from S\$2.0 million in 9M FY2019 to S\$2.6 million in 9M FY2020. This was mainly attributed to increase in professional fees of approximately S\$0.3 million in 3Q FY2020, of which professionals fees in relation to the revamping of outlets at Jurong Point and Great World.

Finance costs

Finance costs increased by approximately S\$2.8 million, from S\$0.2 million in 9M FY2019 to S\$3.0 million in 9M FY2020 mainly due to adoption of SFRS(I)16, where interest expense on lease liabilities is a component of finance cost. Excluding the impact of SFRS(I)16, finance costs remained relatively constant at approximately S\$0.2 million for 9M FY2020 and 9M FY2019 respectively.

(Loss) / profit before income tax

The Group recorded a loss before tax of S\$5.9 million in 9M FY2020, largely attributable to (i) share-based payment of approximately S\$2.6 million, (ii) weaker consumer demand due to the COVID-19 pandemic and (iii) plant and equipment written off in relation to the partial revamp of certain food concepts at Jurong Point of approximately S\$0.9 million.

Income tax expense

Income tax expense decreased by 88.3% or approximately S\$1.2 million, from S\$1.3 million in 9M FY2019 to S\$0.2 million in 9M FY2020.

(Loss) / profit net of income tax

As a result of the foregoing, the Group recorded a loss after tax of S\$6.1 million in 9M FY2020.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 March 2020 and 30 June 2019.

Non-current assets

The Group's non-current assets increased by S\$87.7 million from S\$36.7 million as at 30 June 2019 to S\$124.5 million as at 31 March 2020 mainly due to (i) an increase in other assets, non-current of S\$0.9 million; (ii) an increase in the right-of-use assets of S\$86.5 million and (iii) an increase in property, plant and equipment of S\$0.3 million.

Other assets, non-current increased by S\$0.9 million mainly due to refundable rental deposits placed with the lessors for both renewal of existing leases and new leases. Right-of-use assets increased by S\$86.6 million largely arising from the adoption of the SFRS(I) 16 on 1 July 2019. The increase in property, plant and equipment was mainly due to the renovation and addition of fixtures for the revamped outlets at Jurong Point in 2Q FY2020 and re-opening of outlets at Great World in 3Q FY2020. The addition of assets amounting to S\$6.5 million was partially offset by the write-off of renovation and fixture for the closure of outlets of S\$0.9 million and depreciation of S\$5.2 million.

Current assets

The Group's current assets decreased by S\$5.7 million from S\$27.5 million as at 30 June 2019 to S\$21.8 million as at 31 March 2020. This was mainly due to (i) a decrease in cash and cash equivalents of S\$3.9 million; (ii) a decrease in trade and other receivables, current of S\$1.5 million; (iii) a decrease in other assets, current of S\$1.1 million partially offset by (iv) an increase in inventories of S\$0.8 million.

The decrease in cash and cash equivalents was mainly due to the capital expenditures incurred for the re-opening of the outlets at Great World and decrease in revenue due to the COVID-19 pandemic in 3Q FY2020. The decrease in other assets, current was mainly attributable to the renewal of existing leases for more than a year. The decrease in trade and other receivables, current was mainly due to decreases in amount owing from credit card companies and external customers, while the increase in inventories was mainly due to the lower turnover of inventories.

Non-Current Liabilities

The Group's non-current liabilities increased by S\$70.9 million from S\$12.2 million as at 30 June 2019 to S\$83.0 million as at 31 March 2020 mainly due to increase in lease liabilities arising from the adoption of SFRS(I) 16; partially offset by a decrease in other financial liabilities, non-current due to the repayment bank borrowings and the reversal of the reinstatement provision for the closure of outlets .

Current Liabilities

The Group's current liabilities increased by S\$20.7 million from S\$13.8 million as at 30 June 2019 to S\$34.5 million as at 31 March 2020. This was mainly attributable to (i) an increase in lease liabilities of S\$20.7 million arising from the adoption of SFRS(I) 16, (ii) an increase in trade payables of S\$1.1 million as the Group negotiated for longer credit terms with suppliers; partially offset by (iii) a decrease in the provision for income tax of S\$1.3 million.

The Group's negative working capital as at 31 March 2020 was mainly due to the adoption of SFRS(I) 16 on 1 July 2019 where Lease liabilities were accounted as both current liabilities and non-current liabilities and its corresponding entry in lease assets was accounted as non-current assets. Excluding the effects of SFRS(I) 16, the Group's net working capital as at 31 December 2019 was S\$8.0 million.

Consolidated Statements of Cash Flows

The Group's net cash flows generated from operating activities was S\$8.6 million in 3Q FY2020, mainly due to operating cash flows before changes in the working capital of S\$6.1 million, net working capital inflows of S\$3.0 million and income taxes paid of S\$0.5 million. The net working capital inflows were mainly due to (i) an increase in trade payables of S\$1.8 million; (ii) a decrease in trade and other receivables, current of S\$0.3 million and (iii) a decrease in other assets, current of \$0.9 million.

The Group's net cash flows used in investing activities was S\$3.1 million in 3Q FY2020, mainly attributable to (i) the purchase of plant and equipment amounting to S\$3.4 million and (ii) an increase in other assets, non-current of S\$0.2 million.

The Group's net cash flows used in financing activities was S\$6.1 million in 3Q FY2020, mainly due to (i) repayment of bank borrowings of S\$0.2 million; (ii) lease payment of S\$4.7 million and (iii) interest portion of the lease liabilities of S\$1.2 million paid.

As a result, cash and cash equivalents decreased by S\$0.6 million in 3Q FY2020.

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

The results are in line with the commentary made in item 10 in the 2Q2020 and HY2020 results announcement released to SGX-ST on 10 February 2020.

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.

Since the outbreak of the COVID-19 global pandemic, both the global and local economies have been severely impacted, resulting in weaker consumer sentiments especially for the local F&B industry. The first local confirmed case of COVID-19 was reported in early January 2020 and the number of cases gradually escalated over the past few months, resulting in a significant decrease in dine-in patrons at the Group's outlets especially after the tightening of measures such as safe distancing in March 2020.

Following the announcement of the circuit breaker measures in early April 2020 and which has been extended to 1 June 2020, there was a quick shift in consumers' consumption pattern towards online food delivery services, relatively more economical dining choices or home-cooked meals when dining in at restaurants was prohibited.

As a result of the circuit breaker measures, the Group's FSR segment was generating revenue solely from takeaway and online orders and thus the operations of this segment may not be optimized. The Group has since temporarily closed some outlets and stopped procurement of bulk ingredients to manage costs. In addition, the Group has taken cost-saving measures for manpower expenses including freezing of headcount and promotional increments; Management has also taken the lead to initiate a temporary salary reduction since April 2020. With the extended circuit breaker period to 1 June 2020, the Group expects consumer demand to continue to remain weak which will impact the Group's operational and financial performance for the next quarter from 1 April to 30 June 2020.

The various forms of support from the Singapore government, including property tax rebates and the enhanced Jobs Support Scheme that includes waiver of foreign worker levy and deferment of income tax, provide some relief for the Group during this difficult period. However, the Group expects further challenges within the F&B industry given the lack of visibility on when consumer sentiments will recover and the lifting of 'no dine-in' measure after the end of the circuit breaker period. In addition, cost of materials may increase due to global supply chain disruption as announced by the government, which may impact freight charges.

To build liquidity, the Group has obtained additional bank financing in the form of a temporary bridging loan and will tap on it, should any need arise. The Group has also deferred certain capital expenditures until the current situation improves.

Amidst this uncertain period, the Group is determined to remain flexible in redeploying resources to sustain its core business operations. The Group shall stay vigilant in controlling its expenses while continuing to channel its existing fixed resources into enhancing efforts for optimising delivery and takeaway revenue across the Group's concepts.

11. Dividend

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

None.

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

None.

(c) The date the dividend is payable.

Not applicable.

(d) Record date.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

There is no dividend declared in this quarter as it is the Company's practice to consider dividend declaration/recommendation (if any) in respect of its full year results.

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. Confirmation that the issuer 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

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.

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

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for 3Q FY2020 and 9M FY2020 to be false or misleading in any material aspect.

Foo Kah Lee
Executive Director and CEO

Hiroshi Tatara
Executive Director and President

By Order of the Board

Foo Kah Lee
Executive Director and CEO
Date : 13 May 2020

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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