

RE&S HOLDINGS LIMITED
(Registration No: 201714588N)

Unaudited Condensed Interim Financial Statements
For the Half Year (“1H 2023”)
Ended 31 December 2022

RE&S Holdings Limited

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group		
	Notes	1H FY2023 S\$'000	1H FY2022 S\$'000	Increase/ (decrease) %
Revenue	3	87,982	71,212	23.5%
Raw materials and consumables used		(22,711)	(21,007)	8.1%
Changes in inventories of finished goods		(750)	1,353	(155.4%)
Other operating income		620	4,394	(85.9%)
Employee benefits expense		(29,072)	(24,655)	17.9%
Operating lease expenses		(1,565)	(1,240)	26.2%
Utilities expenses		(3,168)	(2,043)	55.1%
Depreciation of property, plant and equipment		(3,327)	(2,924)	13.8%
Depreciation of right-of-use assets		(10,214)	(10,134)	0.8%
Other operating expenses		(8,169)	(8,399)	(2.7%)
Other expenses – Non-operating		(1,246)	(1,157)	7.7%
Finance costs		(1,324)	(1,599)	(17.2%)
Profit before income tax		<u>7,056</u>	<u>3,801</u>	85.6%
Income tax expense	5	(1,500)	(365)	311.0%
Profit, net of income tax		<u>5,556</u>	<u>3,436</u>	61.7%
<u>Other comprehensive loss:</u>				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of income tax		(18)	(12)	50.0%
Total comprehensive income		<u>5,538</u>	<u>3,424</u>	61.7%
Profit attributable to owners of the Company, net of income tax		<u>5,556</u>	<u>3,436</u>	61.7%
Profit attributable to non-controlling interest, net of income tax		-	-	N.M.
Profit net of income tax		<u>5,556</u>	<u>3,436</u>	61.7%
Total comprehensive income attributable to owners of the Company		<u>5,538</u>	3,424	61.7%
Total comprehensive profit attributable to non-controlling interest		-	-	N.M.
Total comprehensive income		<u>5,538</u>	<u>3,424</u>	61.7%
<u>Earnings per share for profit for the period attributable to the owners of the Company during the period:</u>				
Basic and Diluted (SGD in cent)	7	<u>1.6</u>	<u>1.0</u>	60%

N.M.: Not meaningful



A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

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

	Group		<i>Increase/ (decrease)</i> %
	1HFY2023	1HFY2022	
	S\$'000	S\$'000	
Government grants	(355)	(3,584)	(90.1%)
Interest income	(47)	(15)	213.3%
Other income:			
- Rental rebates and others	(218)	(795)	(72.6%)
Plant and equipment written off	160	203	(21.2%)
Loss on disposal of plant & equipment	–	2	N.M.
Loss on disposal of financial assets at fair value through profit or loss (“FVTPL”)	96	154	(37.7%)
Unrealised loss of financial assets at FVTPL	137	9	N.M.
Finance costs:			
- interest expense on borrowings	111	47	136.2%
- lease-related interest expense	1,213	1,552	(21.8%)



B. Condensed interim statements of financial position

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>31.12.2022</u>	<u>30.06.2022</u>	<u>31.12.2022</u>	<u>30.06.2022</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
ASSETS					
Non-current assets					
Property, plant and equipment	8	31,128	32,200	–	–
Right-of-use assets	9	54,225	58,398	–	–
Investment in subsidiaries	10	–	–	32,539	21,868
Other receivables, non-current		–	–	–	10,671
Other non-financial assets, non-current	11	3,260	4,532	–	–
Deferred tax assets		18	92	–	–
Total non-current assets		88,631	95,222	32,539	32,539
Current assets					
Inventories		5,373	3,820	–	–
Trade and other receivables, current	12	2,376	1,786	1,208	3,891
Other financial assets, current	13	4,217	4,178	–	–
Other non-financial assets, current	11	5,222	3,106	24	5
Cash and cash equivalents		24,782	24,595	309	528
Total current assets		41,970	37,485	1,541	4,424
Total assets		130,601	132,707	34,080	36,963
EQUITY AND LIABILITIES					
Share capital	14	32,307	32,307	32,307	32,307
Merger reserve		(18,149)	(18,149)	–	–
Retained earnings		28,242	25,695	936	3,905
Foreign currency translation reserve		(159)	(141)	–	–
Equity, attributable to owners of the parent		42,241	39,712	33,243	36,212
Non-controlling interest		–	–	–	–
Total equity		42,241	39,712	33,243	36,212
Non-current liabilities					
Deferred tax liabilities		1,256	1,293	–	–
Provisions, non-current		1,521	1,521	–	–
Other financial liabilities, non-current	15	6,096	6,529	–	–
Lease liabilities, non-current	16	42,797	44,765	–	–
Total non-current liabilities		51,670	54,108	–	–
Current liabilities					
Income tax payable		1,983	1,244	16	8
Trade and other payables	17	16,895	17,329	821	743
Other financial liabilities, current	15	947	940	–	–
Other non-financial liabilities		39	46	–	–
Lease liabilities, current	16	16,826	19,328	–	–
Total current liabilities		36,690	38,887	837	751
Total liabilities		88,360	92,995	837	751
Total equity and liabilities		130,601	132,707	34,080	36,963



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C. Condensed interim statements of changes of equity

<u>Group:</u>	<u>Total equity</u> \$'000	Attributable to owners of the Company sub-total \$'000	<u>Share capital</u> \$'000	<u>Merger reserve</u> \$'000	<u>Retained earnings</u> \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000
Current year:							
Opening balance at 1 July 2022	39,712	39,712	32,307	(18,149)	25,695	(141)	–
Movement in equity:							
Total comprehensive income (loss) for the year	5,538	5,538	–	–	5,556	(18)	–
Dividends paid (Note 6)	(3,009)	(3,009)	–	–	(3,009)	–	–
Closing balance at 31 December 2022	<u>42,241</u>	<u>42,241</u>	<u>32,307</u>	<u>(18,149)</u>	<u>28,242</u>	<u>(159)</u>	<u>–</u>
Previous year:							
Opening balance at 1 July 2021	36,367	36,367	32,307	(18,149)	22,262	(53)	–
Movement in equity:							
Total comprehensive income (loss) for the year	3,424	3,424	–	–	3,436	(12)	–
Dividends paid (Note 6)	(3,009)	(3,009)	–	–	(3,009)	–	–
Closing balance at 31 December 2021	<u>36,782</u>	<u>36,782</u>	<u>32,307</u>	<u>(18,149)</u>	<u>22,689</u>	<u>(65)</u>	<u>–</u>



C. Condensed Interim Statements of Changes of Equity (cont'd)

<u>Company:</u>	<u>Total equity</u> <u>\$'000</u>	<u>Share capital</u> <u>\$'000</u>	<u>Retained earnings</u> <u>\$'000</u>
Current year:			
Opening balance at 1 July 2022	36,212	32,307	3,905
Changes in equity:			
Dividends paid (Note 6)	(3,009)	–	(3,009)
Total comprehensive income for the year	40	–	40
Closing balance at 31 December 2022	<u>33,243</u>	<u>32,307</u>	<u>936</u>
Current year:			
Opening balance at 1 July 2021	36,107	32,307	3,800
Changes in equity:			
Dividends paid (Note 6)	(3,009)	–	(3,009)
Total comprehensive income for the year	39	–	39
Closing balance at 31 December 2021	<u>33,137</u>	<u>32,307</u>	<u>830</u>



D. Condensed Interim Consolidated Statements of Cash Flows

	<u>1H FY2023</u>	<u>1H FY2022</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Cash flows from operating activities</u>		
Profit before income tax	7,056	3,801
Adjustments for:		
Interest income	(47)	(15)
Interest expense on borrowings	111	47
Interest expense on lease liabilities	1,213	1,552
Depreciation of property, plant and equipment	3,327	2,924
Depreciation of right-of-use assets	10,214	10,134
COVID-19 related rent concessions from lessors	-	(426)
Loss on remeasurement of right-of-use assets	-	1,020
Loss on disposal of plant and equipment	-	2
Loss in disposal of financial asset at FVTPL	96	154
Unrealised loss of financial asset at FVTPL	137	9
Plant and equipment written off	160	203
Net effect of exchange rate changes in consolidating foreign operations	(23)	(7)
Operating cash flows before changes in working capital	<u>22,244</u>	<u>19,398</u>
Inventories	(1,553)	(1,353)
Trade and other receivables, current	(590)	(456)
Other non-financial assets, current	(2,116)	(2,712)
Reinstatement cost utilised	-	49
Trade and other payables	(434)	3,922
Other non-financial liabilities	(7)	85
Net cash flows from operations	<u>17,544</u>	<u>18,933</u>
Income taxes paid	(724)	(712)
Net cash flows from operating activities	<u>16,820</u>	<u>18,221</u>
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(2,419)	(5,209)
Purchase of other financial assets	(1,368)	(3,764)
Disposal of other financial assets	1,096	512
Other non-financial assets, non-current	1,272	435
Interest received	47	15
Net cash used in investing activities	<u>(1,372)</u>	<u>(8,011)</u>
<u>Cash flows from financing activities</u>		
Cash restricted in use	-	-
Dividend paid to equity owners	(3,009)	(3,009)
Decrease in other financial liabilities	(426)	(457)
Lease liabilities – principal portion paid	(11,715)	(11,038)
Interest paid	(111)	(47)
Net cash flows used in financing activities	<u>(15,261)</u>	<u>(14,551)</u>
Net increase increase / (decrease) in cash and cash equivalents	187	(4,341)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>24,429</u>	<u>25,712</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>24,616</u>	<u>21,371</u>
<u>For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:</u>		
Cash and cash equivalents in the statement of financial position	<u>24,782</u>	<u>21,537</u>
Cash restricted over 3 months	(166)	(166)
Cash and cash equivalents as shown above	<u>24,616</u>	<u>21,371</u>



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E. Notes to the Condensed Interim Financial Statements

1. General

RE&S Holdings Limited (the “**Company**”) is incorporated in Singapore with limited liability. It is listed on the Catalist Board (the “**Catalist**”) of Singapore Exchange Securities Trading Limited. The financial statements are presented in Singapore Dollar and they cover the Company (referred to as “**parent**”) and the subsidiaries (“**Group**”).

The board of directors approved and authorised these condensed interim financial statements for issue on the date of this announcement. The directors have the power to amend and reissue the financial statements.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements have not been subject to an adverse opinion, qualified opinion or disclaimer of opinion.

The principal activities of the Company are those of investment holding and providing management services to the subsidiaries in the Group.

The principal activities of the subsidiaries are:

- (i) Restaurateur;
- (ii) Event organiser; and
- (iii) Provision of raw food supply

The registered office is: 32 Tai Seng Street, #07-00 RE&S Building, Singapore 533972. The Company is domiciled in Singapore.

COVID-19 related disclosures

Uncertainties relating to the COVID-19 pandemic:

The COVID-19 pandemic and the aftermath of the pandemic have caused and continue to cause disruptions resulting in uncertainties surrounding the Group’s business, including affecting its relationships with its existing and future customers, suppliers and employees, and which had and will continue to have an effect on its financial position, financial performance of operations, cash flows and prospects for the foreseeable future.

Basis of presentation

The 1H FY2023 condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS (I) s**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the Catalist Rules.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position of the Group since the latest audited annual financial statements.

1. General (cont'd)

Critical judgements, assumptions and estimation uncertainties

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclosed with further details in the relevant Notes to these condensed consolidated interim financial statements.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Assessment of carrying amounts of property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by assumption is disclosed in the Note on property, plant and equipment.

Assessment of carrying amounts of right-of-use assets:

Significant judgement is applied by management when determining impairment allowance of the right-of-use assets. Impairment allowance is assessed for separable parts of leased premises that have been or will be vacated in the near future. The impairment allowance is sensitive to changes in the performance of various outlets. Judgement is also involved when determining the lease term for contracts that have extension or termination options. The carrying amount at the end of the reporting year is disclosed in the Note on right-of-use assets.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset at the end of the reporting year affected by the assumption is disclosed in the Note on property, plant and equipment.

Critical judgement over the lease terms:

The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in the Note on lease liabilities.

2. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.



3. Financial information by operating segments

3A. Primary analysis by business segment

For management purposes, the Group is organised into the following two major operating segments that offer different products:

- 1) The full-service restaurants segment (“**FSR**”) which caters to customers seeking the full dining experience where they may sit down to have their meals and are provided with table service; and
- 2) The quick-service restaurants, convenience and others segment (“**QSR**”) which caters to customers seeking a quicker meal experience and/or in which they may order their meals for take-away. This segment also includes the preparation of Japanese food products, such as bento and onigiri (Japanese rice balls), for third party businesses in Singapore.

This is determined by the nature or risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It also represents the basis on which management reports the primary segment information.

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are consistent with those of the latest audited annual financial statements for the year ended 30 June 2022.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, right-of-use assets, inventories, trade and other receivables, other assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, lease liabilities, other financial liabilities, provisions and other liabilities.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment’s operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes (called “**Recurring EBITDA**”) and (2) operating result before income taxes and other unallocated items (called “**ORBT**”).

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

The information on each business segment is as follows:

	<u>1H FY2023</u> \$'000	<u>1H FY2022</u> \$'000
Revenue by segment:		
FSR	45,487	37,010
QSR	42,495	34,202
Total	<u>87,982</u>	<u>71,212</u>



3. Financial information by operating segments (cont'd)

3A. Profit or loss from continuing operations and reconciliations

	<u>FSR</u> \$'000	<u>QSR</u> \$'000	<u>Unallocated</u> \$'000	<u>Elimination</u> \$'000	<u>Total</u> \$'000
<u>1H FY2023</u>					
Revenue by segment					
Total revenue by segment	45,487	42,495	–	–	87,982
Inter-segment sales	–	3,605	–	(3,605)	–
Total revenue	45,487	46,100	–	(3,605)	87,982
Recurring EBITDA					
Recurring EBITDA	14,998	13,768	(6,845)	–	21,921
Depreciation	(6,109)	(6,559)	(873)	–	(13,541)
Finance costs	(627)	(586)	(111)	–	(1,324)
ORBT					7,056
Income tax income	–	–	(1,500)	–	(1,500)
Profit, net of income tax					5,556
<u>1H FY2022</u>					
Revenue by segment					
Total revenue by segment	35,656	32,950	–	–	68,606
Inter-segment sales	–	3,264	–	(3,264)	–
Total revenue	35,656	36,214	–	(3,264)	68,606
Recurring EBITDA					
Recurring EBITDA	13,621	10,787	(5,950)	–	18,458
Depreciation	(5,984)	(5,899)	(1,175)	–	(13,058)
Finance costs	(807)	(746)	(46)	–	(1,599)
ORBT					3,801
Income tax expense	–	–	(365)	–	(365)
Loss, net of income tax				–	3,436

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

3B. Assets and reconciliations

	<u>FSR</u> \$'000	<u>QSR</u> \$'000	<u>Unallocated</u> \$'000	<u>Total</u> \$'000
Total assets for reportable segments:				
31 December 2022	50,595	53,017	26,989	130,601
30 June 2022	51,580	54,651	26,476	130,587

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



3. Financial information by operating segments (cont'd)

3C. Liabilities and reconciliations

	<u>FSR</u> \$'000	<u>QSR</u> \$'000	<u>Unallocated</u> \$'000	<u>Total</u> \$'000
Total liabilities for reportable segments:				
31 December 2022	<u>38,631</u>	<u>37,887</u>	<u>11,842</u>	<u>88,360</u>
30 June 2022	<u>41,535</u>	<u>39,887</u>	<u>11,573</u>	<u>92,955</u>

The unallocated liabilities mainly included the other financial liabilities, income tax payables and deferred tax liabilities.

3D. Other material items and reconciliations

	<u>FSR</u> \$'000	<u>QSR</u> \$'000	<u>Unallocated</u> \$'000	<u>Total</u> \$'000
Expenditures for non-current assets:				
31 December 2022	<u>241</u>	<u>1,795</u>	<u>383</u>	<u>2,419</u>
31 December 2021	<u>1,150</u>	<u>1,106</u>	<u>843</u>	<u>3,099</u>

3E. Geographical information

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

3F. Information on major customers

There is no single customer with revenue transactions more than 10% of the Group's total revenue. The revenue is spread over a broad base of customers.

4. Related party transactions – Group

4A. Key management compensation

	<u>1H FY2023</u> \$'000	<u>Group</u> <u>1H FY2022</u> \$'000
Salaries and other short-term employee benefits	<u>764</u>	<u>748</u>



4A. Key management compensation (cont'd)

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group	
	1H FY2023	1H FY2022
	\$'000	\$'000
Remuneration of directors of the company	568	568
Fees to directors of the company	105	105
Fees to directors of the subsidiaries	9	10
	782	683

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

5. Income tax – Group

	Group	
	1H FY2023	1H FY2022
	\$'000	\$'000
<u>Current tax expense:</u>		
Current tax expense	1,321	359
Withholding tax	10	6
Subtotal	1,331	365
<u>Deferred tax income:</u>		
Deferred tax income	169	–
Subtotal	169	–
Total income tax income	1,500	365

6. Dividends on equity shares

	Group and Company			
	Rate per share – dollars			
	1H FY2023	1H FY2022	1H FY2023	1H FY2022
			\$'000	\$'000
Final tax exempt (one-tier) dividend	0.0085	0.0085	3,009	3,009
Total dividend paid during the period	0.0085	0.0085	3,009	3,009



7. Earnings per share

	<u>1H FY2023</u> \$'000	<u>1H FY2022</u> \$'000
<u>Numerator</u>		
Profit attributable to owners of the Company, net of income tax	5,556	3,436
	'000	'000
<u>Denominator</u>		
Weighted average number of equity shares: At beginning and end of the period ('000)	354,000	354,000
	<u>Cents</u>	<u>Cents</u>
Basic and diluted earnings per share (cents)	1.6	1.0

The basic and diluted earnings per share are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

8. Property, plant and equipment

<u>Group</u>	<u>Leasehold property</u> \$'000	<u>Plant and equipment</u> \$'000	<u>Total</u> \$'000
<u>Cost:</u>			
At 1 July 2021	19,505	62,890	82,395
Additions	–	9,406	9,406
Disposals	–	(8,070)	(8,070)
Foreign exchange adjustments	–	(77)	(77)
At 30 June 2022 and 1 July 2022	19,505	64,149	83,654
Additions	–	2,419	2,419
Disposals	–	(1,548)	(1,548)
Foreign exchange adjustments	–	46	46
At 31 December 2022	<u>19,505</u>	<u>65,066</u>	<u>84,571</u>
<u>Accumulated depreciation:</u>			
At 1 July 2021	4,821	48,073	52,894
Additions	707	5,629	6,336
Disposals	–	(7,700)	(7,700)
Foreign exchange adjustments	–	(76)	(76)
At 30 June 2022 and 1 July 2022	5,528	45,926	51,454
Depreciation for the period	355	2,972	3,327
Disposals	–	(1,388)	(1,388)
Foreign exchange adjustments	–	50	50
At 31 December 2022	<u>5,883</u>	<u>47,560</u>	<u>53,443</u>
<u>Carrying amount:</u>			
At 30 June 2022	<u>13,977</u>	<u>18,223</u>	<u>32,200</u>
At 31 December 2022	<u>13,622</u>	<u>17,506</u>	<u>31,128</u>



9. Right-of-use of assets

<u>Group</u>	Restaurant Premises \$'000
<u>Cost:</u>	
At 1 July 2021	140,424
Additions	3,278
Remeasurement	12,043
Foreign exchange adjustments	(70)
At 30 June 2022 and 1 July 2022	<u>155,675</u>
Additions	6,048
Remeasurement	-
Foreign exchange adjustments	(133)
At 31 December 2022	<u>161,590</u>
<u>Accumulated depreciation:</u>	
At 1 July 2021	77,486
Depreciation for the year	20,369
Remeasurement	(519)
Foreign exchange adjustments	(59)
At 30 June 2022 and 1 July 2022	<u>97,277</u>
Depreciation for the period	10,214
Remeasurement	-
Foreign exchange adjustments	(126)
At 31 December 2022	<u>107,365</u>
<u>Carrying amount:</u>	
At 30 June 2022	<u>58,398</u>
At 31 Decemeber 2022	<u>54,225</u>

The leases are for restaurant premises. The lease contracts are for fixed periods of three to six years. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 1).

10. Investment in subsidiaries

	Company	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
Unlisted investments at cost	21,868	21,868
Loans to subsidiaries	10,671	-
	<u>32,539</u>	<u>21,868</u>

The loans to subsidiaries are non-interest bearing and not expected to be repaid in the foreseeable future. The loans are therefore deemed to form part of the Company's interest in subsidiaries.



11. Other non-financial assets

	Group	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
Deposits to secure services	5,686	5,793
Deposits for renovation of outlets	1,952	842
Prepayments	844	1,003
	<u>8,482</u>	<u>7,638</u>
Presented in condensed interim statements of financial position:		
Non-current	3,260	4,532
Current	<u>5,222</u>	<u>3,106</u>

12. Trade and other receivables, current

	Group	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
<u>Trade receivables:</u>		
Outside parties	2,374	1,744
Net trade receivables – subtotal	<u>2,374</u>	<u>1,744</u>
<u>Other receivables:</u>		
Outside parties	2	42
Net other receivables – subtotal	<u>2</u>	<u>42</u>
Total trade and other receivables	<u>2,376</u>	<u>1,786</u>

The expected credit losses (“ECL”) on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the COVID-19 pandemic. Trade receivables comprises mainly creditworthy debtors with good payment record, NETS and credit card payments that will be settled in a few days and are considered to have low credit risk and customers which can be graded as low risk individually, and these are recorded at inception net of expected lifetime ECL. No loss allowance is necessary. There are no collateral held as security and other credit enhancements for the trade receivables.

13. Other financial assets, current

	Group	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
Financial assets at FVTPL, current (Note 13A)	4,204	4,165
Gain on forward foreign exchange contracts	13	13
	<u>4,217</u>	<u>4,178</u>



13. Other financial assets, current (cont'd)

13A Financial assets at FVTPL

	<u>Group</u>	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
Movements during the year:		
Fair value at beginning of the year	4,165	–
Additions	1,368	6,953
Disposals	(1,096)	(1,669)
Loss on disposals through profit or loss	(96)	(276)
Decrease in fair value through profit or loss	(137)	(843)
	<u>4,204</u>	<u>4,165</u>

The fair value (Level 1) of the financial assets approximates to bid prices in an active market at the end of the reporting period and year respectively.

14. Share capital

	<u>Group</u>		<u>Company</u>	
	<u>Number of shares issued</u>	<u>Share capital</u>	<u>Number of shares issued</u>	<u>Share capital</u>
	'000	\$'000	'000	\$'000
Balance at 30 June 2022 and 31 December 2022	<u>354,000</u>	<u>32,307</u>	<u>354,000</u>	<u>32,307</u>

There were no subsidiary holdings, treasury shares or outstanding convertibles as at 31 December 2022 and 31 December 2021.

15. Other financial liabilities

	<u>Group</u>	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
<u>Non-current:</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan (secured)	6,096	6,529
Non-current	<u>6,096</u>	<u>6,529</u>
<u>Current:</u>		
<u>Financial instruments with floating interest rates:</u>		
Bank loan (secured)	947	940
Current	<u>947</u>	<u>940</u>
Total	<u>7,043</u>	<u>7,469</u>

The non-current portion is repayable as follows:

Due within 2 to 5 years	3,846	3,845
After 5 years	2,250	2,684
Total non-current portion	<u>6,096</u>	<u>6,529</u>

The term loan is secured by legal mortgage over the Group's property and a corporate guarantee by the Company. The loan is repayable over 120 monthly instalments commencing April 2020.



16. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
Lease liabilities, current	16,826	19,328
Lease liabilities, non-current	42,797	44,764
	<u>59,623</u>	<u>64,093</u>

Movements of lease liabilities for the reporting period are as follows:

	Group	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
Total lease liabilities at beginning of reporting period	64,093	68,452
Additions	6,048	3,278
Remeasurement	–	12,695
Accretion of interest	1,213	2,892
Covid-19 related rent concessions from lessors (Note 6)	–	(536)
Lease payments – principal portion paid	(11,715)	(22,678)
Foreign exchange adjustments	(16)	(10)
Total lease liabilities at end of reporting period	<u>59,623</u>	<u>64,093</u>

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use assets are disclosed in Note 9.

For the COVID-19 related rent concessions, the practical expedient was applied for reflecting the adjustment in profit or loss rather than as a lease modification as permitted by the amendment to the financial reporting standard on leases. It allows lessees to account for such rent concessions as variable lease payments. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 31 December 2022; (iii) there is no substantive change to other terms and conditions of the lease.

17. Trade and other payables

	Group	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	\$'000	\$'000
<u>Trade payables:</u>		
Outside parties	9,966	8,273
Accrued liabilities	5,921	6,850
Trade payables – subtotal	<u>15,887</u>	<u>15,123</u>
<u>Other payables:</u>		
Outside parties	1,008	2,206
Other payables – subtotal	<u>1,008</u>	<u>2,206</u>
Total trade and other payables	<u>16,895</u>	<u>17,329</u>



18. Net asset value

	<u>Company</u>		<u>Group</u>	
	<u>31.12.2022</u>	<u>30.06.2022</u>	<u>31.12.2022</u>	<u>30.06.2022</u>
	<u>cents</u>	<u>cents</u>	<u>cents</u>	<u>cents</u>
Net asset value per share based on existing issued share capital as at the respective dates	<u>9.4</u>	<u>11.2</u>	<u>11.9</u>	<u>10.2</u>

The net asset value per ordinary share of the Group and the Company as at 31 December 2022 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 354,000,000 (30 June 2022: 354,000,000).

19. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>Group</u>	
	<u>31.12.2022</u>	<u>30.06.2022</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Financial assets:</u>		
Financial assets at amortised cost	27,158	26,381
Financial assets at FVTPL	<u>4,217</u>	<u>4,178</u>
	<u>31,375</u>	<u>30,559</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	<u>83,561</u>	<u>88,891</u>

20. Changes and adoption of financial reporting standards

The same accounting policies and methods of computations used in the latest audited annual financial statements have been applied to this set of interim financial statements.

21. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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F. Other information required by Catalyst Rule Appendix 7C

1. 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
1H FY2023 compared to 1H FY2022**Revenue**

The Group's revenue increased in 1H FY2023 compared with 1H FY2022, primarily due to the increase in revenue contribution from the Full-Service Restaurants ("FSR") and Quick-Service Restaurants, Convenience and Others ("QSR").

The increase in FSR and QSR revenue was mainly due to removal of COVID-19 social distancing restrictions in Singapore, which resulted in the reinstatement of seats for dine-in customers to maximise dine-in capacity and the increase in 3 QSR outlets.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) were 26.7% and 27.6% of total revenue for 1H FY2023 and 1H FY2022 respectively. The decrease was mainly due to a decrease in packaging cost incurred and lower food cost for certain QSR concepts.

Other operating income

Other operating income decreased mainly due to the absence of the landlords' support and government grants given in relation to the COVID-19 pandemic in 1H FY2023, which amounted to S\$0.4 million and S\$2.7 million respectively for 1H FY2022.

Employee benefits expense

The Group's employee benefits expense increased in 1H FY2023 compared to 1H FY2022 which was primarily attributed to the increase in hiring of workers due to the opening of new outlets and pay adjustment across the board.

Operating lease expenses

Operating lease expenses represents 1.8% and 1.7% of total revenue for 1H FY2023 and 1H FY2022 respectively.

Utilities expenses

Utilities expenses increased mainly due to an increase in the electricity tariff in 1H FY2023 as compared to 1H FY2022.

Depreciation expense

Depreciation expense increased mainly due to the increase in depreciation for property, plant and equipment. The increase was mainly due to the increase in new outlets and revamp of certain outlets.

Other operating expenses

Other operating expenses decreased mainly due to the absence of remeasurement loss of right-of-use asset arising from the lease extension in 1H FY2022.

Other expenses – Non-operating

Other expenses - non-operating increased mainly due to increase in professional fees mainly attributed to the revamp of certain outlets.

Finance costs

Finance costs decreased mainly due to the decrease in lease-related interest.

Profit before tax

As a result of the above, profit before tax increased by approximately S\$3.3 million, from S\$3.8 million in 1H FY2022 to S\$7.1 million in 1H FY2023.



Consolidated Statement of Comprehensive Income (cont'd)
1H FY2023 compared to 1H FY2022

Income tax expense

Income tax expense increased by approximately S\$1.1 million, mainly due to a increase in profit in 1H FY2023 compared to 1H FY2022.

Profit, net of income tax

As a result of the foregoing, the Group recorded a profit after tax of S\$5.6 million in 1H FY2023.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2022 and 30 June 2022.

Non-current assets

The Group's non-current assets decreased by S\$6.6 million from S\$95.2 million as at 30 June 2022 to S\$88.6 million as at 31 Dec 2022 mainly due to (i) a decrease in property, plant and equipment of S\$1.1 million; (ii) a decrease in the right-of-use assets ("ROU") of S\$4.2 million and (iii) a decrease in other non-financial asset, non current of S\$1.3 million.

The decrease in property, plant and equipment was mainly due to the write-off of renovation and fixtures for certain outlets and depreciation of S\$3.3 million; partially offset by an addition of plant and equipment amounting to S\$2.4 million. ROU assets decreased by S\$4.2 million mainly due to the amortisation. The decrease in other non-financial assets, non-current was due to some existing leases being reclassified to current, as they are due for renewal in the next one year.

Current assets

The Group's current assets increased by S\$4.5 million from S\$37.5 million as at 30 June 2022 to S\$42.0 million as at 31 Dec 2022. This is mainly due to (i) an increase in inventories of S\$1.6 million; (ii) an increase in trade and other receivables of S\$0.6 million; (iii) an increase in other non-financial assets, current of S\$2.1 million; and (iv) an increase in cash and cash equivalents of S\$0.2 million.

The increase in other non-financial assets, current was mainly attributable to the downpayment placed with the contractors for the renovation of the outlets and the rental deposit placed for existing leases with less than a year which are pending renewal. The increase in inventories was mainly due to the increasing purchase of raw materials while the increase in trade and other receivables, current was mainly due to an increase in amount owing from credit card companies and external customers which was in line with the increase in revenue.

Non-current liabilities

The Group's non-current liabilities decreased by S\$2.4 million from S\$54.1 million as at 30 June 2022 to S\$51.7 million as at 31 Dec 2022. This is mainly due to the (i) repayment of rental in leases liabilities and (ii) bank borrowings in the other financial liabilities, non-current.

Current liabilities

The Group's current liabilities decreased by S\$2.2 million from S\$38.9 million as at 30 June 2022 to S\$36.7 million as at 31 Dec 2022. This was mainly attributable to (i) a decrease in other payable of S\$0.4 million due to the reversal of bonus provided in FY2022; (ii) a decrease in lease liabilities of S\$2.5 million due to repayment for leases less than a year from the next renewal and partially offset by; (iii) an increase in the provision for income tax of S\$0.7 million.



Consolidated Statements of Cash Flows

The Group's net cash flows generated from operating activities was S\$16.8 million in 1H FY2023, mainly due to operating cash flows before changes in the working capital of S\$22.02million, net working capital outflows of S\$4.7 million and income taxes paid of S\$0.7 million. The net working capital outflows were mainly due to (i) a decrease in trade payables of S\$0.4 million; (ii) an increase in other non-financial assets, current of S\$2.1 million; (iii) an increase in inventories of S\$1.6 million; and (iv) an increase in trade and other receivables, current of S\$0.6 million.

The Group's net cash flows used in investing activities was S\$1.4 million in 1H FY2023, mainly attributable to (i) the purchase of plant and equipment amounting to S\$2.4 million; and partially offset by (ii) an increase in other non-financial assets, non-current of S\$1.3 million.

The Group's net cash flows used in financing activities was S\$15.3 million in 1H FY2023, mainly due to (i) repayment of bank borrowings of S\$0.4 million; (ii) lease payment of S\$11.7 million; and (iii) dividend paid of S\$3.0 million; and (v) interest payment of S\$0.1 million.

As a result, cash and cash equivalents increased by S\$0.2 million in 1H FY2023.

2. 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.

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

The Food & Beverage (F&B) industry is continuously faced with a shortage of manpower and difficulties in hiring locals as a result of a stricter foreign manpower policy. The Group anticipates ongoing pressure on operating costs due to the manpower shortage and heightened competition within the industry. As a result, the F&B industry is expected to struggle coping with the rising operating cost and challenging operating environment.

The Group will keep a close eye on the rapidly changing landscape and deliver on its growth strategies and productivity initiatives.

4. Dividend information

If a decision regarding dividend has been made:-

(a) Whether an interim/final ordinary dividend has been declared/recommended; and

Yes.

(b) Amount per share (cents)

Name of Dividend	Interim
Type of Dividend	Cash
Total number of Issued ordinary shares ('000)	354,000
Dividend per share	0.90 Singapore cent



4. Dividend information (cont'd)

(c) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Interim
Type of Dividend	Cash
Total number of Issued ordinary shares ('000)	354,000
Dividend per share	0.85 Singapore cent

(d) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The proposed dividend is one-tier tax exempt.

(e) The date the dividend is payable.

To be announced later.

(f) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

To be announced later.

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

Not applicable, as the Company has declared an interim dividend for 1H FY2023.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

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

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8. Negative Assurance Confirmation Interim Financial Results pursuant to Rule 705(5) of the Catalyst 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 the first half ended 31 December 2022 to be false or misleading in any material aspect.

Foo Kah Lee
Executive Director and CEO

Hiroshi Tatara
Executive Director and President

9. Disclosure on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

During 1H FY2023, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary and/or associated company or increase its shareholdings in any subsidiary. The Company also did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

For and on behalf of the Board

Foo Kah Lee
Executive Director and CEO
Date: 10 February 2023

This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and 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.

The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.