RE&S

Food For Life

ANNUAL REPORT 2018

Contents

CORPORATE PROFILE

Established in 1988, RE&S is one of Singapore's leading Japanese food service company. Since its incorporation, RE&S has grown from a single Fiesta restaurant into a network comprising a Corporate Headquarters and Central Kitchen ("CK") in Tai Seng, Singapore, a procurement office in Japan and over 80 outlets in Singapore and Malaysia.

RE&S firmly believes in continuous innovation. Our portfolio comprises 20 distinct brands which cover the full spectrum of Japanese dining, ranging from fine dining (Kuriya Dining) to specialty (Shimbashi Soba), from family-style (Ichiban Boshi) to convenience (Kuriya Japanese Market).

RE&S is committed to maintaining a high standard of food consistency and quality for its customers. Our operations are supported by our ISO 22000-certified CK which controls food safety and quality, and also improves labour productivity and workflow at restaurants.

Over 30 years, RE&S has built a robust operating system and well-established business processes in terms of branding, operations, supply chain and HR which form a strong foundation for growth.

Today, RE&S serves more than 7 million customers a year, employs 1,600 staff and generates annual revenues of over S$140 million.

CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

ON behalf of the Board of Directors ("Board") of RE&S Holdings Limited ("RE&S" or together with its subsidiaries, the "Group"), I am pleased to present to you our inaugural annual report for the financial period ended 30 June 2018 ("FY2018") as our Group celebrated its 30 years of gastronomic journey.

The roots of RE&S stretch back to 1988 when Hiroshi Tatara, our President and Executive Director, incorporated RE&S and opened Fiesta, one of the first conveyor belt sushi restaurants in Singapore. Since then, we have come a long way to where we are today – a household name in Singapore, with a diverse portfolio comprising 20 distinct brands covering the full spectrum of Japanese dining. From fine dining (Kuriya Dining) to specialty concepts (Shimbashi Soba), from casual restaurants (Ichiban Boshi) to convenience kiosks (Kuriya Japanese Market), our 82 stores in Singapore and Malaysia always aim to deliver the best Japanese dining experience to millions of customers year after year.

Our operations are supported by our ISO 22000-certified Central Kitchen ("CK"), which is equipped with food processing technologies to enhance product quality and increase restaurant

productivity. Our CK provides economies of scale through integrated, end-to-end food processing and distribution. At RE&S, food safety is the most important cornerstone in our business. As a testament to our commitment towards food safety, our CK has been awarded Grade 'A' by AVA for the fourth year running.

While RE&S continues to build and increase our presence in Singapore, we seek to expand our geographical footprint in the region through acquisitions, joint ventures and/or strategic alliances with parties which can add value to our existing businesses or facilitate our entry into related or complementary business areas.

Operating in an environment where the landscape is changing and business costs are rising pose even greater challenges in the year ahead, especially in the face of stiff competition and tight labour market. I am confident that the steps we have taken to build our infrastructure and strengthen our business model form a strong foundation for sustainable growth, which will empower us to meet the challenges ahead. Our CK, for example, is a competitive edge which gives us the ability to scale and add new businesses and revenue streams.

Over 30 years, RE&S has built a robust operating system and established sound business practices. I am proud that our efforts have been recognized. In 2017, RE&S was named Top 10 in the Enterprise 50 (E50) Awards, a prestigious award that recognizes fifty most enterprising, local, privately-owned companies who have contributed to economic development in Singapore and abroad. This serves as a strong testament to our brand values and business management.

On behalf of the Board, I would like to express my sincere gratitude to our dedicated team of management and staff, for your hard work and contributions. I would also like to thank my fellow directors for their guidance and Mr. Lim Ho Seng for his invaluable contributions during his tenure in office. Last but not least, I am grateful to our valued customers, business partners, and shareholders for their continued support. We look forward to another exciting year ahead.

Ben Yeo Chee Seong

Non-Executive Chairman and Independent Director

CEO'S STATEMENT

Dear Shareholders,

FY2018 has been a year of major milestones for RE&S. It is a year of new beginnings as we celebrated our successful listing on SGX Catalist. It is also a year of reflections as we commemorated our 30th anniversary of delivering quality Japanese dining experience.

FINANCIAL HIGHLIGHTS

For FY2018, RE&S recorded revenue of S$142.3 million, up 1.0% from S$140.9 million in the previous corresponding period ("FY2017"). This was mainly due to contribution from the Quick Service Restaurants, Convenience and Others ("QSR") segment, which grew by 10.8% year-on-year to S$39.9 million. The Full-Service Restaurants ("FSR") segment is still the main revenue contributor, although sales declined 2.4% to S$102.4 million in FY2018, from S$104.8 million in FY2017.

Cost rationalisation and process streamlining have been our key focus areas as we gear up for growth. These efforts have paid off as we managed to reduce our cost of goods sold, comprising raw materials and consumables used, from 28.1% of revenue in FY2017 to 27.5% in FY2018.

Operating expenses, such as employee benefits, operating lease, depreciation and other expenses, increased in line with our local expansion. Included in other expenses were IPO-related expenses of S$1.1 million. As a result, net profit attributable to owners of the Company decreased by 37.3% or S$2.1 million, from S$5.7 million in FY2017 to S$3.6 million in FY2018.

YEAR IN REVIEW

Overall, our business has seen steady growth in FY2018. We opened 14 new stores across Singapore, bringing our total footprint to 82 stores island-wide, further consolidating our position as market leader in Japanese dining. Of these, 10 stores are under the QSR segment and four stores are under the FSR segment.

Major brands which opened new stores include Ichiban Sushi (West Mall and Compass One), Ichiban Boshi (Century Square) and Kuriya Japanese Market (Northpoint City). These four outlets that opened towards the end of FY2018 have not made significant contributions due to the short operating period but are expected to do so in FY2019. In relation, profitability was dampened due to costs associated with these stores opening.

We actively manage our brand portfolio and network to optimize performance. As part of a business review, we catalysed the development of the QSR segment by converting non-performing stores to fresh dining concepts, namely Daimon Food Alley at Jurong Point, in response to changes in market trends. This is in line with our business strategy to grow the QSR segment.

DIVIDENDS

The Board of Directors ("Board") is pleased to propose a final tax-exempt, one-tier dividend of 0.4 Singapore cent per share, subject to approval of our shareholders at our upcoming annual general meeting. This represents a dividend payout of 39.6% for FY2018, in-line with the Board's commitment to reward shareholders with at least 35.0% of our net profits in each of FY2018 and FY2019.

OUTLOOK

Changing marketplace, shifting demographics, and disruptive technology – all add complexity to an already challenging operating environment characterised by intense competition, rising business costs and rapidly-changing consumer preferences. RE&S will continue to evolve with times by continuously innovating and strengthening our core competencies.

Over the years, we have built a robust business model backed by a diverse portfolio, strong CK support and deep knowledge of Japanese food culture. These capabilities will serve as vital engines for sustainable growth and help us navigate the changing F&B landscape in the year ahead.

Going regional, we are also seeking opportunities to grow our presence in Southeast Asia by way of acquisitions, joint ventures and/or strategic alliances with parties which can add value to our existing businesses. We are actively exploring opportunities abroad in fast-growing Southeast Asian markets such as Vietnam, Indonesia and China.

SERVING WITH PASSION

"Food for Life" represents our promise to deliver a wide range of Japanese food and dining experiences that satisfies every customer. I am proud that our commitment towards quality food and outstanding service has been recognized by the public.

In 2017, we were awarded the Excellent Services Award (EXSA) 2017, a national award organized by the Restaurant Association of Singapore (RAS) that recognizes individuals who have delivered outstanding quality service in their course of work. Amongst our service team, we have 6 Golds and 31 Silver recipients.

Our flagship brand, Ichiban Boshi, which has been serving customers since 2000, was rewarded with market recognition and won Reader's Digest Trusted Brand 2018 Gold Award under the Japanese Restaurant category.

APPRECIATION

In closing, I would like to express my heartfelt appreciation to our team of management and staff, whose passion and commitment are the driving force behind our success. I thank the Board for its guidance and counsel. To our valued customers, business partners and shareholders, a sincere thank you for your continued support.

Yek Hong Liat John
Executive Director and Chief Executive Officer

REVENUE
$142m

82
OUTLETS

20
BRANDS

BOARD OF DIRECTORS

Yek Hong Liat John
Executive Director & CEO

Hiroshi Tatara
Executive Director & President

Guok Chin Huat Samuel
Independent Director

Ben Yeo Chee Seong
Non-Executive Chairman & Independent Director

Lee Lap Wah, George
Independent Director

BOARD OF DIRECTORS

Ben Yeo Chee Seong is our Group's Non-Executive Chairman and Independent Director and was appointed to the Board on 30 October 2017. He served as the Deputy Chairman until 7 February 2018 when he took over as the Chairman of the Board. He is also the Chairman of the Audit Committee and Administration Committee.

Mr. Yeo has more than 40 years of experience working in various fields such as audit, manufacturing, engineering, financial services and real estate development.

From 1987 to 2014, Mr. Yeo was the Group Managing Director of Guthrie GTS Pte. Ltd. (formerly known as "Guthrie GTS Limited"), a real estate conglomerate which was formerly listed on SGX-ST. His other principal commitments include directorships in a number of private companies.

Mr. Yeo is a member of the Institute of Singapore Chartered Accountants, an associate of the Association of Certified Accountants and a registered accountant of the Singapore Society of Accountants. He was also admitted as an associate of the Institute of Chartered Accountants in England and Wales in 1980. Mr. Yeo graduated from the Institute of Cost and Management Accountants.

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- BHG Retail Management Pte. Ltd.

Hiroshi Tatara is our Group's Executive Director and President and was appointed to the Board on 26 May 2017. He is the founder of the Group and is responsible for its overall corporate strategy and strategic planning. As the founder, Mr. Tatara sets the vision, mission and core values of the Company and carries the culture. Mr. Tatara has, and continues to be, instrumental to our Group's continued success and growth.

Mr. Tatara moved to Singapore from Osaka, Japan in 1976.

Yek Hong Liat John is our Group's Executive Director and CEO and was appointed to the Board on 26 May 2017. Mr. Yek is a co-founder of the Group and is responsible for overseeing the strategic planning of the Group and its operations. He drives business development, monitors the performance of the Group and spearheads initiatives to improve operational efficiency at various fronts. He also oversees legal and corporate governance. Mr. Yek has, and continues to be, instrumental to our Group's continued success and growth.

Prior to joining the Group, Mr. Yek was a practicing advocate and solicitor.

Mr. Yek graduated with a Bachelor of Arts with Honours (Law) from the University of Kent at Canterbury. He was called to the Degree of the Utter Bar of the United Kingdom (Middle Temple) and was admitted as an advocate and solicitor of the Supreme Court of Singapore.

Lee Lap Wah, George is our Group's Independent Director and was appointed to the Board on 30 October 2017. He is the Chairman of the Nominating Committee.

Mr. Lee has more than 35 years of experience working in the financial services industry. From 1999 to 2016, he had held several senior positions in OCBC Bank Singapore, heading its Capital Markets, Group Investment and Global Corporate Banking. He also served as an advisor in OCBC Bank (Malaysia) Berhad from 2016 to 2017.

Mr. Lee is member of the advisory panel of the CFA Society Singapore. He graduated from the University of Singapore (now known as National University of Singapore) with a Bachelor of Business Administration (Second Class Upper) and obtained his Chartered Financial Analyst certification from the Institute of Chartered Financial Analysts, U.S.

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- Bumitama Agri Ltd.

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

- United Engineers Limited
- PacificMas Bhd

Guok Chin Huat Samuel is our Group's Independent Director and was appointed to the Board on 30 October 2017. He is the Chairman of the Remuneration Committee.

Since 1995, Mr. Guok has been the Managing Director of Starhealth Pte. Ltd. Mr. Guok has over 20 years of experience in investment banking, venture capital and private equity businesses, having worked with Nomura Singapore Limited, Campbelltown Investment Holdings Pte Ltd, Seed Ventures Limited, Time Watch Investments Limited and SingXpress Land Ltd.

He graduated with a Bachelor of Science in Business Administration from Boston University.

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES

- AsiaTravel.com Holdings Ltd.
- Global Palm Resources Holdings Limited
- Redwood Group Limited

DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS

- Datapulse Technology Limited
- Bukit Sembawang Estates Limited

KEY MANAGEMENT

Tang Yew Kong Eddie is our Chief Operating Officer and has been with our Group since March 2015. He is responsible for overseeing the day-to-day operations of our Group's restaurants and the successful execution of business strategies.

Mr. Tang's extensive experience in the F&B industry spans more than 36 years across numerous established brands and geographical regions. He started his career with McDonald's Restaurants in Singapore before embarking on several overseas postings. He had held key positions including Operations Director at McDonald's Restaurants Shanghai Ltd, Chief Operating Officer of McDonald's China Development Co. Ltd and Regional Operational Excellence Director for Burger King Asia Pacific Pte. Ltd.

Mr. Tang obtained a Diploma in Mechanical Engineering from Singapore Polytechnic.

Foo Kah Lee is our Chief Financial Officer and has held this position since March 2016. He is responsible for overseeing the finance and accounting functions, as well as the Information Technology function of our Group. Mr. Foo also leads overseas business development and manages the Group's business in Malaysia. He fronts the investor relations efforts of the Group. Mr. Foo first joined RE&S Singapore in 2008 as a Deputy Director and was responsible for overseeing RE&S Singapore's finance function.

Mr. Foo has more than 25 years of experience in audit, corporate recovery and corporate finance at renowned firms such as Deloitte & Touche, PricewaterhouseCoopers, UOB Asia Limited and Daiwa Securities (Singapore) Pte Ltd. Mr. Foo joined the food industry in 2002, where he took up the position of head of corporate planning at Food Empire Holdings Limited. Other key positions he held includes CEO at PSL Holdings Limited.

Mr. Foo graduated from the University of Queensland with a Bachelor of Commerce.

Lim Shyang Zheng is our Chief Supply Chain Officer and Deputy Director and has been with our Group since July 2010. He is responsible for overseeing the Group's supply chain function (including central kitchen, procurement, logistics and quality assurance). He concurrently heads the human resources and learning & development functions. Mr. Lim is also responsible for the management of retail (non-restaurant) operations of our Group.

Prior to joining our Group, Mr. Lim was with the Ministry of Manpower (MOM) where he formulated and implemented manpower policies.

Mr. Lim graduated with a Bachelor of Civil Engineering (Hons) from the National University of Singapore.

GROUP STRUCTURE

RE&S HOLDINGS

R E & S Enterprises Pte Ltd
(100%)

RE&S Japan Co., Ltd.
(100%)

R E & S Enterprises (M) Sdn. Bhd.
(100%)

Kabe No Ana Pte. Ltd.
(100%)

Promote Japan Enterprise Pte. Ltd.
(100%)

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Ben Yeo Chee Seong
Non-Executive Chairman and Independent Director

Mr. Hiroshi Tatara
Executive Director and President

Mr. Yek Hong Liat John
Executive Director and CEO

Mr. Lee Lap Wah, George
Independent Director

Mr. Guok Chin Huat Samuel
Independent Director

INVESTOR RELATIONS:

Financial PR Pte Ltd
4 Robinson Road
#04-01 The House of Eden
Singapore 048543
Tel: +65 6438 2990
Fax: +65 6438 0064

REGISTERED OFFICE:

32 Tai Seng Street
#07-00 RE&S Building
Singapore 533972

COMPANY SECRETARY:

Ms. Josephine Toh
ACS, ACIS

SHARE REGISTRAR:

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR:

RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

PARTNER-IN-CHARGE:

Ms. Pang Hui Ting
(Appointed with effect from FY2017)

PRINCIPAL BANKERS:

DBS Bank Ltd.

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

MILESTONES

1990

- RE&S opens first Japanese restaurant

1992

- FIESTA Japanese Restaurant opens

1996

- First Central Kitchen begins operation
- Exceeded S$10M in annual sales

1997

- Kuriya Dining opens

2000

- Ichiban Boshi opens

2001

- Kuishin Bo opens

2003

- Shimbashi Soba opens
- FIESTA rebrands as Ichiban Sushi

2004

- Kuriya Japanese Market opens

2007

- Ichiban Boshi opens in Kuala Lumpur

2008

- Shokutsu Ten debuts
- Men-ichi opens

2013

- Exceeded S$100M in annual sales
- RE&S Building opens

2014

- Idaten Udon opens

2017

- RE&S lists on SGX Catalist
- Daimon Food Alley debuts

OUR BRANDS

FULL-SERVICE RESTAURANTS

KURIYA DINING

The flagship brand of RE&S, Kuriya Dining is an award-winning fine dining concept which serves authentic and fusion Japanese cuisines. Helmed by Master Chef Naoki Tsuzuki, Kuriya Dining's menu features seasonal ingredients which are air-flown directly from Japan thrice a week.

ICHIBAN SUSHI

Ichiban Sushi is a family-friendly conveyor belt sushi restaurant which serves a wide range of sushi, sashimi and value-for-money set meals at affordable prices.

KABE NO ANA

Kabe no Ana is the first and original Japanese-style pasta in Japan. Its unique creations include mentaiko (spicy cod roe), natto (fermented soy bean) and shiso (perilla leaf) pasta.

KUISHIN BO

At Kuishin Bo, food lovers gather for a gastronomic feast of over 100 different items including its signature zuwaigani (snow crabs), tempura prawns, sushi, sashimi, and a wide selection of desserts. Kuishin Bo, a crowd-favourite authentic Japanese buffet, is a place for celebration over good food with family and friends.

AMI AMI

Ami Ami specializes in air-flown seafood tempura and robatayaki (charcoal grilled food). Its latest menu features a selection of avant-garde sushi rolls.

YAKI YAKI BO

Yaki Yaki Bo is a teppanyaki restaurant where skilled chefs cook up an assortment of meats, seafood and vegetables 'live' in front of customers.

ICHIBAN BOSHI

Ichiban Boshi is a contemporary dining concept which offers customers a wide selection of sushi, fresh sashimi and combination set meals. Each Ichiban Boshi restaurant is unique in design and ambience, and has its own specialty menu, such as Sakana (fish) at Great World City and Hokkaido Ryori (Hokkaido cuisine) at Waterway Point.

SHIMBASHI SOBA

At Shimbashi Soba, soba (buckwheat) noodles are prepared fresh daily. Using only pesticide-free buckwheat grown in Tasmania, Shimbashi Soba emphasizes on a soba-making process known as Santate (三たて) – Hiki-tate (挽きたて, freshly milled), Uchi-tate (打ちたて, freshly made) and Yude-tate (茹でたて, freshly cooked) – which allows customers to enjoy the tastiest soba.

SHABU TONTEI

Shabu Tontei specializes in shabu shabu (Japanese hotpot) and pork dishes such as tonkatsu (pork cutlets).

SUMIYA

Sumiya, which means "Charcoal House", presents Irori Genshiyaki, an ancient Japanese style of grilling food over charcoal flame, where skewered air-flown fish are placed vertically over a bed of charcoal and grilled slowly. Customers also enjoy Singapore's first sake connoisseur experience.

SHABU-ICHI

Shabu-ichi is a Hokkaido hotpot buffet which offers unique soup recipes, quality meat and fresh vegetables.

QUICK-SERVICE RESTAURANTS, CONVENIENCE AND OTHERS

KURIYA JAPANESE MARKET

Kuriya Japanese Market is a fresh food and ingredients specialist offering seasonal seafood sourced from Japan and air-flown to Singapore thrice weekly. Customers can also pick up platters of sushi and sashimi, along with Japanese food items such as fruits, vegetables, frozen foods, sauces, condiments, beverages and desserts in stores.

MEN-ICHI

Men-ichi specializes in ramen and is known for its collagen-rich tonkotsu (pork) soup. Two types of ramen noodles are served to bring out the flavours of the different soup bases. The thin noodles, which are home-made using a proprietary recipe, boast a wheaty aroma and springy texture. The thick Nishiyama noodles, which are imported from Hokkaido, has a smooth texture that goes perfectly well with thicker soup bases.

ICHIBAN BENTO

Ichiban Bento is a go-to place for a hearty, speedy Japanese bento. Enjoy popular selections like salmon teriyaki, gyu stamina don (grilled beef) and katsu (cutlet) with mentai sauce with a comforting bowl of chawanmushi and miso soup.

IDATEN UDON

At Idaten Udon, customers create their own customized bowl of udon by mixing-and-matching different noodle flavours with sauces or soups. Complete the meal with a selection of tempura sides.

WADORI

Yakitori (Japanese skewers), a popular street food in Japan, is served at Wadori. Customers can enjoy yakitori as a snack or pick from a wide range to make a meal.

GOKOKU JAPANESE BAKERY

Originating from Kobe, Gokoku Japanese Bakery bakes authentic Japanese buns using quality ingredients and grains imported from Japan.

GINZUSHI

Ginzushi is a sushi bar concept serving quality sushi and donburi (rice bowls) made by hand, at affordable prices.

TENFUKU

Tenfuku offers customers affordably-priced tendons (tempura rice bowls) with innovative flavours from a variety of house-made sauces.

TOKYO EATER

Ever-changing, Tokyo Eater is a pop-up restaurant concept which introduces different Japanese cuisines and dining experiences every few months to satisfy customers' taste for novelty.

OUR NETWORK

(As at 28 September 2018)

77

F&B Outlets in Singapore

5

F&B Outlets in Malaysia

AWARDS & ACCOLADES

Over the years, we have received accreditations and awards from various government bodies and industry authorities. A selection of the awards that we have received is set out below:

READER'S DIGEST TRUSTED BRAND 2018 (GOLD AWARD, JAPANESE RESTAURANT CATEGORY)
2018
ICHIBAN BOSHI
Reader's Digest

FOOD SAFETY EXCELLENCE AWARDS (GRADE 'A' CERTIFICATION)
2015 – 2018
RE&S SINGAPORE
AVA Singapore

WINE & DINE'S SINGAPORE TOP RESTAURANTS (HOUSE OF STARS – TWO STARS)
2016 & 2017
KURIYA DINING
Wine & Dine Magazine

STAR AWARD 2016 (BEST JAPANESE RESTAURANT CASUAL DINING)
2016
SUMIYA
Restaurant Association of Singapore

EPICUREAN STAR AWARD 2012 (BEST JAPANESE RESTAURANT CASUAL DINING)
2015
SHIMBASHI SOBA
Restaurant Association of Singapore

ASIAONE PEOPLE'S CHOICE AWARDS (BEST JAPANESE RESTAURANT)
2009, 2011 – 2013
KURIYA DINING
AsiaOne

EPICUREAN STAR AWARD 2012 (BEST JAPANESE RESTAURANT FINE DINING)
2012
KURIYA DINING
Restaurant Association of Singapore

ENTERPRISE 50
2017
RE&S SINGAPORE
The Business Times & KPMG

EXCELLENT SERVICE AWARD
2005, 2006, 2014 – 2017
RE&S SINGAPORE
Restaurant Association of Singapore and other industry lead bodies

ASIAONE PEOPLE'S CHOICE AWARDS (TOP 3 BEST JAPANESE RESTAURANTS)
2015 & 2016
ICHIBAN BOSHI
AsiaOne

ASIAONE PEOPLE'S CHOICE AWARDS (TOP 3 JAPANESE RESTAURANTS)
2010, 2014 & 2015
KURIYA DINING
AsiaOne

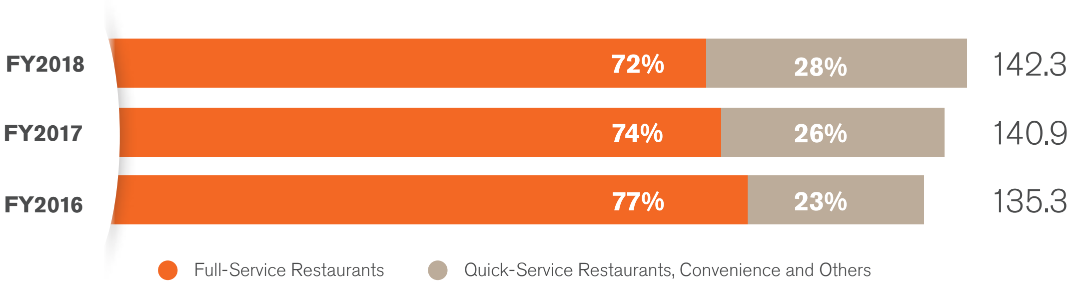
ASIAONE PEOPLE'S CHOICE AWARDS (BEST JAPANESE RESTAURANT)
2014
KUISHIN BO
AsiaOne

THE BEST OF SINGAPORE SERVICE STAR (TOP HONOURS, F&B CATEGORY)
2012
KURIYA DINING
Singapore Tourism Board

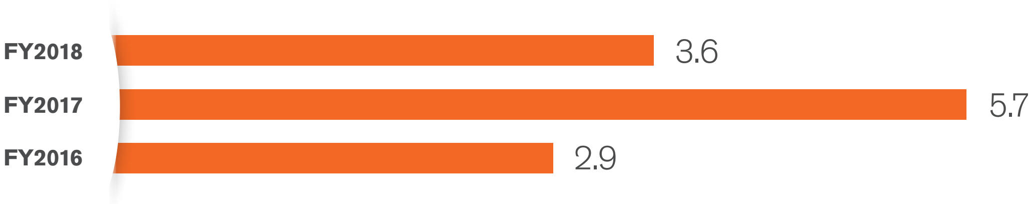
THE BUSINESS TIMES' GOURMET CHOICE
2009
KURIYA DINING
The Business Times

FINANCIAL HIGHLIGHTS

REVENUE ($' MILLION)



PROFIT, NET OF INCOME TAX ($' MILLION)



INCOME STATEMENT ($'000)	FY2018	FY2017	FY2016
Revenue	142,294	140,892	135,257
Net profit before tax	5,291	7,322	3,809
Net profit after tax	3,568	5,692	2,913
EBITDA	14,167	15,689	11,639
FINANCIAL POSITION ($'000)			
Total Assets	64,499	58,675	65,520
Total Liabilities	28,899	33,980	33,032
Total Shareholders' Equity	35,600	24,695	32,488
Cash and Cash Equivalents	13,525	4,160	6,936
Basic and diluted earnings per share (cents)[1]	1.01	1.61	0.82

NOTE 1 *For comparatives purposes, the EPS for the respective financial periods have been computed based on the profit attributable to owners of the Company and share capital of 354,000,000 shares assuming that the Restructuring Exercise and the issuance of 54,000,000 new shares pursuant to the IPO had been completed as at 1 July 2015.*

OPERATING AND FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

REVENUE

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

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

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

RAW MATERIALS AND CONSUMABLES USED

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

OTHER OPERATING INCOME

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

EMPLOYEE BENEFITS EXPENSE

Employee benefits expense increased by 1.8%, or approximately S$0.9 million, from S$49.6 million in FY2017 to S$50.5 million in FY2018, mainly due to increase in employment related costs to cater to business expansion.

DEPRECIATION EXPENSE

Depreciation expense increased by 5.9%, or approximately S$0.5 million, from S$8.0 million in FY2017 to S$8.5 million in FY2018, mainly due to renovation of several F&B outlets, as well as the addition of kitchen equipment and furniture and fittings for existing and new F&B outlets.

OTHER OPERATING EXPENSES AND OTHER EXPENSES

Other operating expenses increased by 9.6% or S$0.76 million, from S$7.9 million in FY2017 to S$8.6 million in FY2018, mainly due to increase in the credit card commission, delivery and transportation and repair and maintenance expenses. Other expenses increased by 28.6% or S$0.6 million from S$2.0 million in FY2017 to S$2.6 million in FY2018, largely contributed by a one-off IPO expenses of approximately $1.1 million being partially offset by a decrease in the consultancy expenses of S$0.3 million.

FINANCE COST

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

PROFIT BEFORE TAX

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

INCOME TAX EXPENSE

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

PROFIT NET OF INCOME TAX

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

REVIEW OF THE GROUP'S FINANCIAL POSITION

NON-CURRENT ASSETS

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

CURRENT ASSETS

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

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

NON-CURRENT LIABILITIES

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

CURRENT LIABILITIES

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

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

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

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

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

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

CORPORATE GOVERNANCE REPORT

RE&S Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") is committed to achieving a high standard of corporate governance by setting in place a framework of practices and policies that complies with the principles and guidelines of the Code of Corporate Governance (the "Code") and promotes transparency, accountability and integrity. The Group believes that this is essential to the sustainability of the Group's business and critical in protecting and enhancing shareholders' interests in the long term.

This report sets out the Group's main corporate governance practices for the financial period ended 30 June 2018 ("FY2018") with reference to the Code and incorporating answers to the questions set out in the disclosure guidelines developed by SGX-ST in January 2015, which forms part of the continuing obligations of Listing Manual – Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"). In areas where the Group has not complied with the Code, explanations have been provided. The report should be read in its entirety instead of separately under each principle of the Code and the guidelines therein.

With the issuance of the revised Code of Corporate Governance ("2018 Code") by the Monetary Authority of Singapore on 6 August 2018 which will take effect for annual reports covering financial years commencing from 1 January 2019, the Group will review and implement measures to comply with the 2018 Code, where appropriate.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board is accountable to the shareholders and its primary responsibility is the preservation and enhancement of long term value and returns for the shareholders. Its functions are distinct from Management responsibilities as it oversees the business affairs of the Group and supervises Management.

In addition to its statutory duties, the Board also:

1. Provides entrepreneurial leadership and setting the strategic plans and performance objectives of the Group;
2. Reviews the adequacy and effectiveness of the Group's risk management and internal controls framework including financial, operational, compliance and information technology control and establishing risk appetite to safeguard shareholders' interests and the Group's assets;
3. Reviews the performance of the Group's Key Management Personnel;

4. Approves the annual budgets, significant capital expenditure, acquisitions and divestment proposals;
5. Approves the nomination and appointment/re-appointment of Directors, Board Committee members and Key Management Personnel;
6. Approves the release of the Group's quarterly and full year's financial results and interested person transactions;
7. Reviews sustainability issues such as environmental, social and governance factors, as part of its strategic formulation;
8. Identifies key stakeholder groups and recognize that their perceptions affect the Company's reputation.
9. Sets the Group's ethical values and standards to ensure that obligations to shareholders and other stakeholders are understood and met; and
10. Assumes responsibility for and ensuring the Group's compliance with good corporate governance practices.

All Directors objectively discharge their duties and responsibilities in good faith at all times as fiduciaries in the interest of the Group and are obliged to exercise reasonable due diligence and independent judgement when making decisions.

To assist in the execution of its responsibilities, the Board has established and delegated certain functions to its various Board Committees, namely, the Audit Committee (the "AC"), the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Administration Committee. Other than the Administration Committee, each of the rest of the Board Committees has its own defined scope of duties and written terms of reference (the "TOR") setting out the manner in which it is to function and operate. The effectiveness of each Board Committee is constantly monitored and reviewed on a regular basis to ensure their continued relevance. The TOR in relation to the responsibilities and functions of the Directors in each Board Committee is provided in this Report.

Board Meetings and Meetings of Board Committees

The Board and the AC conduct at least four scheduled meetings each year and holds additional or ad hoc meetings at such other times as is necessary to address significant matters that may arise. Each of the NC and RC conducts at least one scheduled meeting each year. Board papers incorporating sufficient information from Management are forwarded to Board members in advance of a Board meeting to enable each member to be adequately prepared.

The Company's Constitution allows a Board meeting to be conducted by telephone conference, video conference, audio visual or through other communication equipment via which all persons participating in the meeting can communicate with each other simultaneously and instantaneously.

In lieu of physical meetings, Board decisions are also made via written resolutions circulated to the members for their approvals.

The number of Board and Board Committees meetings held since the listing of the Company on 22 November 2017 till 30 June 2018 as well as the attendance of each Director at each of these meetings is set out below:

Directors	Board Meeting		AC Meeting		NC Meeting		RC Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Ben Yeo Chee Seong	2	2	2	2	2	2	2	2
Mr. Hiroshi Tatara	2	2	2	2[(1)]	2	–	2	–
Mr. Yek Hong Liat John	2	2	2	2[(1)]	2	2[(1)]	2	2[(1)]
Mr. Lee Lap Wah, George	2	2	2	2	2	2	2	2
Mr. Guok Chin Huat Samuel	2	2	2	2	2	2	2	2
Mr. Lim Ho Seng*	2	–	2	–	2	–	2	–

(1) By Invitation

* Mr. Lim Ho Seng resigned as Independent Director on 7 February 2018.

Note: There was no Administration Committee Meeting held during FY2018.

Board Approval

The Board has adopted a set of internal guidelines setting forth matters that require Board's approval. Matters which are specifically reserved for the Board's decisions include those involving acquisitions or disposal of assets, corporate or financial restructuring, share issuance, interim dividends and substantial transactions which have a material impact on the Group. Management understands that these matters require the Board's approval and the Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Group. Below the Board level, there is appropriate delegation of authority and approval sub-limits at Management level, to facilitate operational efficiency.

Training of Directors

Upon appointment as a Director of the Company, a formal letter of appointment is provided to each new Director setting out his roles, responsibilities and obligations as a member of the Board. The new Directors have also met with the Management of the Company and were briefed on the Group's business, operations, structure as well as its history, core values, strategic directions, industry specific knowledge and the Group's governance practices relating to, *inter alia*, disclosure of interests in the Company's securities, prohibition on dealings in the Company's securities and restrictions on the disclosure of price sensitive information.

From time to time, the Group's internal and external auditors, legal advisors and the Company Secretary may update or conduct briefings for the Directors on changes to the listing rules or to the laws and guidance pertaining to corporate governance practices, risk management, insider trading and financial reporting standards so that the Directors may discharge their fiduciary duties effectively. In addition, articles, press releases, reports released by SGX and ACRA which are relevant to the Group are circulated to the Board.

All the Independent Directors newly appointed to the Board in FY2018 have experience as Directors of listed companies.

The Group welcomes Directors to seek explanations or clarifications from and/or request for informal discussions with the Management on any aspect of the Group's operations or business. The Group is responsible for encouraging and funding the training of its Directors to enhance their skills and knowledge and will provide the budget and ongoing opportunities for the Directors to receive further training.

Board Composition and Balance

Principle 2: There shall be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board currently comprises five (5) Directors of whom two (2) are Executive Directors and three (3) are Independent Directors. They are as follows:

Mr. Ben Yeo Chee Seong (Non-Executive Chairman and Independent Director)

Mr. Hiroshi Tatara (Executive Director and President)

Mr. Yek Hong Liat John (Executive Director and Chief Executive Officer)

Mr. Lee Lap Wah, George (Independent Director)

Mr. Guok Chin Huat Samuel (Independent Director)

There is no alternate Director on the Board.

Independence of Directors

The Board has a strong independent element as three (3) out of five (5) Directors are independent. In addition, the Board has an Independent Chairman.

The criteria for independence are defined in the Code and the independence of each of the Directors is reviewed by the NC. The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its Officers or its 10% shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of his independent judgement in the best interest of the Company and the Group. The NC had reviewed the independence of each Independent Director and is of the view that these Directors are independent.

There is no Independent Director who has served beyond 9 years since the date of his first appointment.

The Board considers that the current size and composition of the Board, which will be reviewed by the NC from time to time, has the appropriate balance of Independent and Executive Directors, taking into account the nature and scope of the Group's business and operations, that will be conducive to effective decision-making.

The Board and its Board Committees comprise respected individuals from diverse backgrounds with core competencies in accounting or finance, business and management, real estate, industry knowledge, strategic planning expertise and customer-based experience. There is a balance of skills, experience and background that will provide competent and effective stewardship of shareholders' interest and governance of the Group's business.

The Independent Directors exercise no management function in the Group.

The role of the Independent Directors is to review Management's performance, monitor the reporting of the Group's performance by the Management and constructively challenge and help to develop strategic goals. On a need-to basis, Independent Directors may meet privately without the presence of Management to review any matter as an appropriate check and balance on the Group's operations and performance.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No individual should represent a considerable concentration of power.

The Company has a separate Chairman and Chief Executive Officer (the "CEO").

Mr. Ben Yeo Chee Seong, an Independent Director, is the Chairman of the Board. He is responsible for the high standards of corporate governance, ensuring a rigorous compliance with the Code as he leads the Board in providing the strategic direction for the Group's operations through constructive and participative relations with Management and facilitates the effective contribution of Independent Directors. He also sets the Board's meeting agendas in consultation with the Company Secretary, ensuring that the Directors receive accurate, timely and clear information in preparation for each meeting, facilitates a balance of viewpoints and perspectives in Board discussions between the Executive and Independent Directors and ensure effective communication with shareholders.

Mr. Yek Hong Liat John, the CEO and Executive Director of the Company is also a controlling shareholder of the Company. He leads the Management of the Group in its business operations, development, performance and growth, ensuring that objectives are achieved through the effective working relationship and communications between the Board and Management of the Company.

There is a clear balance of authority and decision making in the alignment of responsibilities between the Board and Management to ensure that no individual holds a concentration of power.

The AC, NC, RC and the Administration Committee are all chaired by Independent Directors.

Given the independence of the Chairman and the strong independent element of the Board to enable the exercise of independent and objective judgement on corporate affairs of the Group, the Board is of the view that there are adequate checks and balances in place to ensure that the process of decision-making by the Board is based on collective decision of Directors, without any concentration of power residing in any individual. In view thereof, there is no need for the Company to have a lead Independent Director.

The Independent Directors meet periodically without the presence of the other Directors and Management where necessary and provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and reappointment of directors to the Board.

The Board through the delegation of its authority to the NC has ensured that there is a formal and transparent process in the appointment and re-appointment of Directors who possess the relevant background, experience and knowledge in business, finance and management skills.

The NC currently comprises three (3) Independent Directors as follows:

Mr. Lee Lap Wah, George (Chairman)

Mr. Ben Yeo Chee Seong

Mr. Guok Chin Huat Samuel

The responsibilities of the NC in accordance with its TOR are as follows:

(a) Recommend to the Board the appointment of new Directors (including alternate Directors, if applicable) and Key Management Personnel, including re-nominations of existing Directors for re-election in accordance with the Constitution of the Company, taking into account the Director's contribution and performance;

(b) Review and approve any new employment of persons related to the Directors/CEO and/or substantial shareholders of the Company and proposed terms of their employment;

(c) Determine on an annual basis whether or not a Director is independent bearing in mind the circumstances set forth in the Code of Corporate Governance as well as the relationship or circumstances which would deem a Director not independent;

(d) Review and decide whether or not a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

(e) Review the training and professional development programmes for the Board;

(f) Review succession plans for Directors, in particular, the Chairman of the Board, the Chief Executive Officer and Key Management Personnel;

(g) Review the Directors' mix of skills, experience, gender, core competencies and knowledge of the Group which the Board requires to function competently and efficiently;

(h) Determine and recommend to the Board the maximum number of listed company board representations which any Director may hold;

(i) Develop a process for evaluation of the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers; and

(j) Address how the Board has enhanced long-term shareholders' value and assess the contribution of each Director to the effectiveness of the Board.

Selection, Appointment and Re-appointment of Directors

The NC is responsible for identifying and selecting potential new Directors based on their core competencies and relevant experience critical to the Group's business and may engage professional consultants and independent experts to undertake research on or assess candidates for new positions on the Board. The search criteria include integrity, diversity and the ability to commit time and referrals or recommendations from personal contacts and business associates may also be sought. The NC meets with the short-listed Board candidates to assess their suitability and availability. The NC then makes recommendations to the Board for its consideration and approval.

In accordance with Article 97 of the Company's Constitution, all Directors shall retire from office at the Company's Annual General Meeting (the "AGM") at least once every three (3) years by rotation. The retiring Directors are eligible to offer themselves for re-election.

In accordance with Article 103 of the Company's Constitution, new Directors are appointed by way of a Board resolution following which they are subject to re-election at the AGM. A retiring Director shall be eligible for re-election at the AGM at which he retires.

The NC had recommended to the Board that all the newly appointed Directors, be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation.

Each member of the NC shall abstain for voting on any resolutions in respect of his re-nomination as a Director.

Directors' time commitments and Multiple Directorships

Despite some of the Directors having other Board representations, the NC is satisfied that the Directors with multiple listed company board representation are able to devote sufficient time to the affairs of the Company and contribute significant expertise through their governance and guidance on the operational and financial performance of the Group. Currently, the maximum number of listed company board representations for the Directors is set at 6.

The key information regarding the Directors up to the date of this report is disclosed in the "Board of Directors" section on pages 6 to 10 of the Annual Report.

Board Performance

Principle 5: There shall be a formal annual assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board.

The NC is responsible for recommending and implementing a process to assess the performance and effectiveness of the Board as a whole and its Board Committees as well as evaluating the performance of each Director in his contribution to the effectiveness of the Board. This is carried out on an annual basis.

Assessment and evaluation forms designed as a questionnaire have been developed and adopted for the process to determine the strengths and capabilities of the Board, the Board Committees and each of the Directors based on size and composition of the Board, attendance, participation in constructive discussions and communication, quality of decision making, timeliness of board papers, conduct, internal controls and other specific criteria relevant to the determination of efficacies. The forms including a section on self-assessment were completed by the Directors and were then collated by the Company Secretary and presented to the NC as a summary report.

The performance criteria will not be changed from year to year unless circumstances deem it necessary for any of the criteria to be changed and the onus should be on the Board to justify the decision. As the Company was newly listed, the NC will review the need for industry peer comparison criteria in the Board evaluation when appropriate.

Following the evaluation exercise for FY2018, the NC is satisfied that the Board, its Board Committees and each of the Directors are performing effectively and have met their respective performance objectives. All NC members have abstained from the voting and review of any matter in connection with the assessment of his performance. No external facilitator was engaged for the evaluation exercise.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Board members are provided with adequate and timely information prior to all Board and Board Committee meetings through detailed Board papers that are circulated to brief the Directors or provide progress reports on the Group's business, strategies, risk analysis, financial impact, regulatory or corporate governance issues and other matters requiring the Directors' attention and mandate.

At each quarterly Board meeting, Management will provide the quarterly reports on the Group's performance and financial results and consult the Board on any significant development or transactions relating to the Group's operations.

The Board has separate and independent access to Management and whenever necessary, Management will be invited to attend the Board meetings to participate in the discussions on the Group's operations.

The Directors also have separate and independent access to the Company Secretary who attends and records the minutes of all Board and Board Committee meetings. The Company Secretary assists the Chairman of the Board and of each Board Committee in ensuring that Board procedures are followed and reviewed in accordance with the Company's Constitution and regulatory laws. The Company Secretary's role is to advise the Board on all governance matters and the appointment and removal of the Company Secretary is subject to the approval of the Board.

The Board and the Directors, individually or as a group, may seek or obtain legal and other independent professional advice on any aspect of the Group's operations in order to perform their duties and the cost of obtaining such advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC currently comprises three (3) Independent Directors as follows:

Mr. Guok Chin Huat Samuel (Chairman)

Mr. Ben Yeo Chee Seong

Mr. Lee Lap Wah, George

The duties of the RC in accordance with its TOR are set out as follows:

(a) Review and approve the Company's policy for determining executive remuneration including the remuneration of the CEO and Key Management Personnel;

(b) Review the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes;

(c) Consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each Key Management Personnel and employees who are related to Directors/CEO and substantial shareholders (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts);

(d) Consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to Key Management Personnel;

(e) Review and approve the design of all option plans, stock plans and/or other equity based plans;

(f) For each equity based plan, determine each year whether awards will be made under that plan;

(g) Review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan, including awards to Directors and each Key Management Personnel;

(h) Review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles for each equity based plan; and

(i) Approve the remuneration framework (including Director's fees) for Independent Directors of the Company.

No Director is involved in deciding his own remuneration.

The RC has full authority to engage any external professional advisors, as and when the need arises, on matters relating to remuneration and the cost of such engagement shall be borne by the Company. There were no external professional advisors engaged for FY2018.

The Company has entered into service agreements (the "Service Agreements") dated 31 October 2017 with Mr. Hiroshi Tatara, Executive Director and President and Mr. Yek Hong Liat John, Executive Director and CEO, respectively, taking effect from the date of admission of the Company to the Catalist Board of Singapore Exchange Securities Trading Limited on 22 November 2017. Each of the Service Agreements may be terminated by not less than 6 months' notice in writing by either party and does not contain onerous removal clauses.

The termination clauses contained in the contracts of service for Key Management Personnel are fair and reasonable and not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The remuneration policy of the Company is designed to align the interest of Executive Directors and Key Management Personnel with those of shareholders and the long term success of the Group. The policy seeks to attract, motivate and retain key employees with competitive remuneration packages base on the scope of the employee's responsibilities, prevailing market conditions and comparable industry benchmarks.

In determining remuneration packages, the RC takes into consideration the Code's principles and guidelines on the level and mix of remuneration and ensures that a proportion of the remuneration is linked to the individual's and the Group's performance. The Company has formulated a remuneration policy that sets a base salary as a fixed component of the remuneration and a variable bonus linked to the performance of the Company and the employee.

Annual review of the remuneration including the variable bonus of Key Management Personnel and Executive Directors are conducted by the RC to ensure that the remuneration is commensurate with the performance of each employee, taking into account the respective key performance indicators and the Group's financial results and risk policies.

Independent Directors do not have service agreements with the Company and each Independent Director receives a fee for serving on the Board and Board Committees based on his contributions including his time commitment and the scope of his responsibilities, subject to the approval of the shareholders at an AGM. The Directors' fees are reviewed by the RC and recommended to the Board which is of the view that the Independent Directors are not over compensated to the extent that their independence may be compromised.

The Executive Directors do not receive Director's fees.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Company will avail itself of legal processes for recovery against the employees. As Executive Directors owe a fiduciary duty to the Company, the Company may avail itself of legal remedies in the event of such breach of fiduciary duties.

The Company has on 26 October 2017 adopted the RE&S Employee Share Option Scheme (the "ESOS") as set out in the Company's offer document dated 15 November 2017 (the "Offer Document"). Eligible participants (the "Participants") under the ESOS will have the opportunity to participate in the equity of the Company so that their interests are aligned with the interests of the Company and the shareholders and they are motivated towards better performance and the long-term growth and profitability of the Group. The ESOS also enables the Group greater flexibility in structuring compensation packages of eligible Participants so that the Group is able to offer compensation packages that are competitive in order to motivate and retain its employees. The Independent Directors and Key Management Personnel of the Company are eligible to participate in the ESOS which is designed to reward and retain the participants and to foster a long term commitment and dedication to the business of the Group. The Executive Directors being controlling shareholders of the Company are not eligible to participate in the ESOS.

The ESOS will be administered by the Administration Committee comprising members of the NC and RC, namely Mr. Ben Yeo Chee Seong, Mr. Lee Lap Wah, George and Mr. Guok Chin Huat Samuel. In compliance with the requirements of the Catalist Rules, a Participant who is a member of Administration Committee shall not be involved in the deliberation or decision in respect of the ESOS options to be granted to that member of the Administration Committee.

The ESOS shall continue in force at the discretion of the Administration Committee, subject to a maximum period of 10 years commencing on the date on which the ESOS was adopted by the Company in a general meeting, provided always that the ESOS may continue beyond the above stipulated period with the approval of its shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

As at the date of this report, no options have been granted under the ESOS since its commencement.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for FY2018 is set out below:

Name of Director	Salary (%)	Performance Bonus (%)	Director's Fees (%)	Total (%)
S$500,000 – S$750,000				
Mr. Hiroshi Tatara*	100.00	–	–	100.00
Mr. Yek Hong Liat John*	100.00	–	–	100.00
Below S$250,000				
Mr. Ben Yeo Chee Seong(1)	–	–	100.00	100.00
Mr. Lee Lap Wah, George(1)	–	–	100.00	100.00
Mr. Guok Chin Huat Samuel(1)	–	–	100.00	100.00
Mr. Lim Ho Seng(1)(2)	–	–	100.00	100.00

* Executive Directors who have entered into service agreements with the Company taking effect on 22 November 2017. They do not receive Director's fees. Mr. Hiroshi Tatara is President and Mr. Yek Hong Liat John is CEO of the Company respectively. Each Executive Director is entitled to a performance bonus in each financial year which is calculated based on the Group's consolidated Profit before Tax. For FY2018, both Executive Directors have voluntarily waived their performance bonus entitlement.

(1) Independent Directors newly appointed on 30 October 2017. Fees for FY2018 were pro-rated accordingly.

(1)(2) Mr. Lim Ho Seng resigned as Independent Director on 7 February 2018.

The Company is of the view that in a small and medium-sized enterprise environment, disclosure of the Directors' remuneration in bands of S$250,000 should be sufficient to provide an insight into the link between compensation and performance of the Directors and further details are deemed to be not in the interest of the Company due the sensitivities and confidentiality of remuneration.

Name of Key Management Personnel	Salary (%)	Performance Bonus (%)	Total (%)
S$250,000 – S$500,000			
Mr. Foo Kah Lee, Chief Financial Officer ("CFO")	82.50	17.50	100.00
Mr. Eddie Tang Yew Kong, Chief Operating Officer	89.50	10.50	100.00
Below S$250,000			
Mr. Lim Shyang Zheng, Chief Supply Chain Officer and Deputy Director	89.50	10.50	100.00

Notwithstanding Guideline 9.3 of the CG2012, there were only three Key Management Personnel (who are not Directors or the CEO) during FY2018. The aggregate total remuneration paid to the above Key Management Personnel amounted to S$716,320 for FY2018.

There is no termination, retirement or post-employment benefits granted to Directors and Key Management Personnel.

Although the Code recommends full disclosure by the Company of the exact remuneration of its Directors, CEO and top five (5) Key Management Personnel on a named basis, the Company is of the view that it is not in its best interest to disclose confidential details of remuneration due to the competitiveness of the industry for key talent.

The Company does not have employees who are immediate family members of a Director or the CEO whose remuneration exceeds S$50,000 during FY2018.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In compliance with the Catalist Rules on the Company's disclosure obligations, the Company ensures that its shareholders are informed of all major developments, financials and price sensitive information relating to the Group on a timely basis through SGXNET and the press.

Accountability to the shareholders is demonstrated through the presentation of the Group's quarterly and annual financial statements, results announcements, press release and all other announcements on the Group's business and operations.

The Board embraces open-ness and transparency in the conduct of the Company's affairs. Management maintains regular contact and communication with and makes available to the Directors the management accounts and other financial statements as and when required so that the Board may monitor the Group's position and present a balanced and understandable assessment of the Group's performance and prospects to its shareholders.

Risk Management and Internal Control

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's asset, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

As the Company does not have a Risk Management Committee, the Board oversees the governance of risks in the Group and ensures that Management maintains a sound system of risk management and internal controls to safeguard the Company's assets and the interests of shareholders. The Board however recognizes that no cost effective system can totally preclude against errors and irregularities such as human errors, poor judgement in decision making, losses or fraud. The Group's system of internal controls and risk management therefore do not provide an absolute assurance that there will be no adverse events or circumstances faced by the Company in its operations or results.

The Group has in place an enterprise risk management ("ERM") framework. This ERM framework has 4 principal risk categories, namely strategic, financial, operational and compliance risks. The Group's risk management framework is aligned with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Controls Integrated Framework.

The ERM framework enables the Company to identify risks and adopt effective and expedient measures to control, alleviate or mitigate the risks. The ownership of the risks lies with the respective heads of departments who will implement appropriate risk management solutions and policies and continually monitor the risk profiles and refine the outcomes.

In FY2018, the Company's internal auditor has conducted a review of the Group's key strategic, operational, financial, compliance and information technology risks and risks responses relevant to the achievement of the Group's objectives.

The Group's external auditor has also carried out in the course of their statutory audit a review of the Group's material internal controls. The AC has noted the recommendations of both the internal and external auditor with regards to the Company's risk management and will monitor the effectiveness of the actions taken by Management based on the recommendations of the auditors.

The Board has received written assurance from the CEO and the CFO that the financial records of the Group have been properly maintained, that the financial statements give a true and fair view of the Group's operations and finances and that the Group's risk management and internal controls systems are adequate and effective.

Based on the internal controls established and maintained by the Group and reviewed by Management on an on-going basis, the review conducted by the internal auditor, the statutory audit carried out by the external auditor, information and reports provided to the Board and the AC and the written assurance from the CEO and CFO, the Board with the concurrence of the AC is of the opinion that for FY2018, the Group's internal controls addressing financial, operational, compliance risks, and the Group's information technology control and risk management systems were adequate and effective for FY2018.

Audit Committee

Principle 12: The Board should establish an audit committee with written terms of reference which clearly sets out its authority and duties.

The AC currently comprises three (3) Independent Directors as follows:

Mr. Ben Yeo Chee Seong (Chairman)

Mr. Lee Lap Wah, George

Mr. Guok Chin Huat Samuel

All the AC members have recent and relevant accounting experience or related financial management expertise. Mr. Ben Yeo Chee Seong, Chairman of the AC is a registered accountant and member of the Institute of Singapore Chartered Accountants. Both Mr. Lee Lap Wah, George and Mr. Guok Chin Huat Samuel have extensive experience in the banking and financial services industry. None of the members of the AC is a former partner or director of the Company's current auditing firm.

The role of the AC is to assist the Board in discharging its corporate governance responsibility of safeguarding the Group's assets, maintaining adequate accounting records and developing and ensuring effective systems of internal controls in the Company.

The AC has met twice since the listing of the Company on 22 November 2017 till 30 June 2018. Guided by its TOR, the AC has performed the following functions during FY2018:

(a) Assisted the Board in the discharge of its responsibilities on financial and reporting matters;

(b) Reviewed, with the Company's internal and external auditors, the audit plans, scope of work, the evaluation of the system of internal accounting controls, their management letter and Management's response, and results of the audits compiled by the internal and external auditors, and shall review, at regular intervals with the Management, the implementation by the Group of the internal control recommendations made by the internal and external auditors;

(c) Reviewed the periodic financial statements and results announcements, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards, the Catalist Rules and any other statutory/regulatory requirements, as well as concerns and issues arising from the audit, including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

(d) Reviewed significant financial reporting issues and judgments with the Chief Financial Officer and the external auditor so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

(e) Reviewed and reported to the Board, at least annually, the effectiveness and adequacy of the Company's internal control and procedures, addressing financial, operational, information technology and compliance risks and discuss issues and concerns, if any, arising from the internal audits;

(f) Reviewed the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;

(g) Reviewed and discussed with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(h) Reviewed the Group's financial risk areas, with a view to providing an independent oversight of the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;

(i) Reviewed the co-operation given by the Management to the Company's internal and external auditors;

(j) Made recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor, and approved the remuneration and terms of engagement of the external auditor;

(k) Reviewed and approved transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(l) Reviewed any potential conflicts of interest and Interested Person Transactions;

(m) Reviewed the cash management processes of the Group;

(n) Reviewed and adopted the whistle-blowing policy; and

(o) Met once with the Company's external and internal auditors without the presence of Management and reviewed the overall scope of the external audit, the internal audit and the assistance given by the Management to the auditors.

The AC has considered the report from the external auditor including their findings and discussions with Management on significant risks and audit focus areas which have been set out as Key Audit Matters in the audit report for FY2018 and in pages 51 to 53 of this Annual Report.

CORPORATE GOVERNANCE REPORT

The AC will generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC will also undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC has full access to co-operation by Management, unrestricted access to information relating to the Group and the full discretion to invite any Director or Management to attend its meetings.

The AC has considered the independence of the external auditor and undertaken a review of all the non-audit services performed by the external auditor. Notwithstanding that the amount of non-audit fees of S$200,000 paid to the external auditor for FY2018 constituted 62% of total fees paid to the external auditor amounting to S$321,000 (including S$121,000 for audit fees), the AC is satisfied that the non-audit fees comprised mainly a one-time non-recurring fee of S$180,000 in connection with our IPO and does not, in the opinion of the AC, affect the independence and objectivity of the external auditor. The aggregate amount of fees paid to the external auditor and a breakdown of the fees paid in total for audit and non-audit services are set out in page 82 of this Annual Report.

The Company has complied with Rules 712 and 715 of the Catalist Rules in the appointment of its external auditor and has recommended to the Board the re-appointment of RSM Chio Lim LLP as its external auditor at the forthcoming AGM.

The AC is also authorized by the Board to investigate or commission investigations into the Group's accounting, auditing, internal controls, financial practices or any related matter thereto with full access to records, resources and personnel in order to discharge its functions effectively.

The Group has in place a whistle blowing policy through which employees, external parties who have business relations with the Company such as customers, suppliers or any other person, may, without fear of reprisals and in good faith raise concerns or report on irregularities with regards to financial reporting or suspected acts of misconduct or any other improprieties, through a confidential channel and well defined process to the Chairman of the AC, the Head, Human Resource and/or the Deputy Director. The policy has been communicated to all employees and details of the policy may also be found at the Company's website at www.res.com.sg. The Group is committed to a high standard of ethics and adopts a zero tolerance approach towards fraud or other improprieties. The AC ensures that there are unobstructed channels for investigations to be overseen by the AC, where necessary and will review appropriate follow-up action as warranted.

No whistle blowing reports were made in FY2018.

The external auditor provide regular updates and briefings to the AC and changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. The Company will arrange to send AC members to seminars on updates to Financial Reporting Standards ("FRS"), when required. In the review of the financial statements for FY2018, the AC is of the view that the financial statements are fairly presented in conformity with the relevant FRS of Singapore in all material respects.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd ("Nexia TS"), to assist the Company in reviewing the design and effectiveness of key internal controls which address financial, operational, compliance and information technology risks and the Company's risk management policy and system as a whole. Nexia TS reports directly to the AC on audit matters and to the CEO on administrative matters.

The Board recognizes that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Group's business and assets while Management is responsible for implementing the internal control procedures in a timely and appropriate manner. The internal auditor has unfettered access to the documents, records, properties and personnel of the Group including the AC and procedures are in place for the internal auditor to report their findings and recommendations to the AC for its review. Management will update the AC on the implementation and status of action plans recommended by the internal auditor.

The AC will review and approve the annual internal audit plan and the appointment and remuneration of the internal auditor to ensure the adequacy and effectiveness of the internal audit function of the Company. For FY2018, a comprehensive internal audit was performed and completed by Nexia TS prior to the listing of the Company on 22 November 2017. The AC has also conducted a meeting with Nexia TS without the presence of management to review the Company's internal controls and risk Management.

The AC is satisfied that Nexia TS is adequately resourced and staffed by suitably qualified and experienced professionals who have appropriate standing in the firm. Nexia TS is a member of the Institute of Internal Auditors ('IIA"). The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholders Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangements.

The Company upholds the best practices of transparency and accountability to its shareholders. The Board ensures that all shareholders are treated fairly and equitably and the rights of all investors including non-controlling shareholders are safeguarded and protected.

The Company does not practice selective disclosure and ensures that all shareholders are informed on a timely basis via SGXNET of all major developments that impact the Group or could materially affect its share price.

Shareholders are encouraged to attend and participate in the Company's general meeting and actively engage the Board and Management on the Group's activities, financial performance, strategies and goals. All shareholders are entitled to vote and the Company will conduct voting by poll for all resolutions tabled at the general meeting.

If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy form sent in advance. The Company's Constitution allows corporations which provide nominee or custodial services to appoint more than two (2) proxies to vote at general meetings.

Communication with Shareholders

Principle 15: Companies should actively engage shareholders and put in place investor relations policy to promote regular, effective and fair communication with shareholders.

In accordance with the Catalist Rules, the Board is committed to keeping the Company's shareholders informed of all major developments that affect the Group. All price sensitive information are released publicly via SGXNET.

Communication with shareholders is made through:

- Annual reports and/or circulars issued to all shareholders within the mandatory period;
- Quarterly announcements containing a summary of the financial information and affairs of the Group via the press and SGXNET;
- Public announcements via SGXNET;
- Press releases on major developments;
- Notices of shareholders' meetings advertised in a newspaper in Singapore;
- Company's corporate website at www.res.com.sg

The Group has appointed Financial PR Pte Ltd as its Investor Relations and enquiries from shareholders may be directed to the investor relations firm, the contact details of which are set out in the corporate information page of this Annual Report. As the Company was newly listed on 22 November 2017, the Company has not solicited the views of shareholders. The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when necessary.

Dividend policy

The Board does not have a fixed dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit, growth, cash position, cash flow generated from operations, projected capital requirements for business growth and other factors as determined by the Board.

As set out in the Company's Offer Document, the Board intended to recommend and distribute dividends of at least 35% of the Group's net profits attributable to shareholders in each of FY2018 and FY2019. The Board has therefore proposed, for shareholders' approval, a final one tier tax-exempt dividend of 0.4 Singapore cent that will represent a dividend payout of 39.6% of the Group's FY2018 net profits.

Conduct of Shareholders' Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goals. If the shareholders are unable to attend the general meetings, the Company's Constitution allows the shareholder to appoint proxies to attend and vote on his/her behalf.

All Directors including Chairman of the Board and the respective chairman of the Board Committees, the CEO, Management and the external auditor, will be present at the forthcoming AGM to answer queries on the affairs of the Group or on the content of the auditor's report from shareholders. Minutes of general meetings will be available to shareholders on request.

Each item of special business included in the notice of the general meetings will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at a general meeting.

All resolutions at general meetings are put to vote by poll. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET after the general meetings.

DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1204(19) of the Catalist Rules, the Company has adopted an internal compliance code on dealings in the Company's securities. All Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial results and the period commencing one (1) month before the announcement of its full-year results. They are expected to observe insider trading laws at all times even during the permitted trading periods or when they are in possession of unpublished price sensitive information and are also not to deal in the Company's securities on short term considerations. Directors and the CEO are required to notify their dealings in the Company's securities within two business days.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons within the definition set out in Chapter 9 of the Catalist Rules (the "IPTs") and has established procedures for review and approval of interested person transactions entered into by the Group. All IPTs are subject to review by the AC to ensure that they were conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The AC has reviewed the IPTs entered into during FY2018 as follows (as disclosed in the Offer Document):

Name of interested person	Aggregate value of all interested person transactions during the financial year under view (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
1. Hiroshi Tatara*	S$685,000	–
2. Yek Hong Liat John*	S$685,000	–

* The Company is required to furnish to Ministry of Manpower ("MOM") a security bond of S$5,000 for each foreign worker hired by the Company in Singapore. Prior to the listing of the Company, the Group made certain arrangements with insurers to issue letters of guarantees in lieu of the security bonds. Our Executive Director and President, Mr. Hiroshi Tatara, and our Executive Director and CEO, Mr. Yek Hong Liat John (the "Executive Directors") provided indemnities to the insurers with an aggregate value of S$685,000 for the guarantees issued to MOM. The guarantees will expire when the contract of employment of the foreign worker ends or is terminated.

Subsequent to the listing of the Company, the Group has entered into new arrangements with the insurers on the security bonds for foreign workers pursuant to which our Company will provide the requisite indemnities and no new indemnities will be required from the Executive Directors.

The AC has reviewed and is of the view that the IPTs are not prejudicial to the interests of the Company or of its minority shareholders.

The IPTs above does not exceed the threshold limits under Chapter 9 of the Catalist Rules of SGX-ST and no announcement or shareholders' approval is required. The Group does not have a general mandate for interested person transactions.

MATERIAL CONTRACTS

Save for the Service Agreements between the Company and the Executive Directors and the IPTs disclosed in this Annual Report, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling shareholder during FY2018.

CORPORATE GOVERNANCE REPORT

USE OF INITIAL PUBLIC OFFERING (IPO) PROCEEDS

Pursuant to the Company's IPO, the Company received net proceeds of approximately S$11.9m and as at 28 September 2018 the net proceeds have been utilized as follows:

Use of proceeds from the Invitation	Allocated S$'000	Utilized S$'000	Balance S$'000
Business expansion, through establishment of new F&B Outlets and/or suitable acquisitions, joint ventures or strategic alliances	7,000	3,561	3,439
Refurbishment and improvement of our existing F&B Outlets	2,000	775	1,225
For our general corporate and working capital requirements	1,357	1,357	–
For payment of underwriting and placement commissions as well as offering expenses	1,523	1,523	–
Gross proceeds from the Invitation	11,880	7,216	4,664

SPONSORSHIP

The continuing sponsor of the Company is DBS Bank Ltd. (the "Sponsor"). In FY2018, there was a non-sponsor fee of S$661,400 paid to the Sponsor for acting as the Issue Manager, Underwriter and Placement Agent for the Company's IPO.

FINANCIAL REPORT

Statement by Directors and Financial Statements

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STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 30 June 2018. The reporting year covers the period since incorporation on 26 May 2017 to 30 June 2018.

The company was known as RE&S Enterprises Holdings Pte. Ltd., and was renamed as RE&S Holdings Pte. Ltd. on 31 July 2017. On 8 November 2017, the company name was changed to RE&S Holdings Limited upon its conversion to a public limited company.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorized these financial statements for issue.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Hiroshi Tatara	(Appointed on 26 May 2017)
Yek Hong Liat John	(Appointed on 26 May 2017)
Ben Yeo Chee Seong	(Appointed on 30 October 2017)
Lee Lap Wah, George	(Appointed on 30 October 2017)
Guok Chin Huat Samuel	(Appointed on 30 October 2017)

STATEMENT BY DIRECTORS

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

	Shareholding in which the director has direct beneficial interest	
Name of directors and company in which interest are held	**At beginning of the reporting year**	**At end of the reporting year**
Ordinary shares of the company:	**Number of shares of no par value**	
Hiroshi Tatara	75	219,000,030
Yek Hong Liat John	25	75,000,000
Ben Yeo Chee Seong	–	2,999,985

By virtue of section 7 of the Act, Hiroshi Tatara and Yek Hong Liat John are deemed to have an interest in the company and in all the related body corporates of the company.

The directors' interests as at 21 July 2018 were the same as those at the end of the reporting year.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. EMPLOYEE SHARE OPTION SCHEME

At a shareholder meeting held on 26 October 2017, the shareholders of the company approved the "RE&S Employee Share Option Scheme" (the "ESOS").

The ESOS provides eligible participants with an opportunity to participate in the equity of the company as well as to motivate them to perform better through increased loyalty and dedication to the group. The ESOS, which forms an integral and important component of the group's remuneration and compensation plan, is designed to primarily reward and retain executive directors and employees whose services are essential to the group's well being and prosperity.

5. EMPLOYEE SHARE OPTION SCHEME (CONT'D)

Executive and independent directors and full-time employees of the group are eligible to participate in the ESOS. Directors who are controlling shareholders of the company and their associates are not eligible to participate in the ESOS.

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital of the company on the day preceding the date of the relevant grant.

The Administration Committee is charged with the administration of the ESOS in accordance with the rules of the ESOS. The Administration Committee consists of members of the Nominating Committee and Remuneration Committee of the company, with powers to make and vary the regulations (not being inconsistent with the ESOS) for the implementation and administration of the ESOS as they think fit. A member of the Administration Committee who is also a participant of the ESOS must not be involved in its deliberation in respect of options granted or to be granted to him.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Administration Committee at its absolute discretion at: (a) a price equal to the average of the last dealt prices for a share on the Catalist for the period of five consecutive trading days immediately prior to the relevant date of the grant ("market price") but not less than its par value ("market price options"); or (b) a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 20% of the market price but not less than its par value. Options granted at a discount are exercisable after 2 years from the date of grant. Other options are exercisable after one year from date of grant.

Options must be exercised before the expiry of 10 years from the date of grant in the case of employees and before the expiry of 5 years in the case of independent directors or such earlier date as may be determined by the Administration Committee.

During the reporting year, no option to take up unissued shares of the company was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

STATEMENT BY DIRECTORS

6. REPORT OF AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the date of this report are as follows:

Ben Yeo Chee Seong (Chairman)

Lee Lap Wah, George

Guok Chin Huat Samuel

All members of AC are independent directors.

The AC performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Catalist Rules).

Other functions performed by the Audit Committee are described in the report on Corporate Governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor for the ensuing year at the forthcoming annual general meeting of the company.

STATEMENT BY DIRECTORS

7. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, the Audit Committee and the board are of the opinion that the company's internal controls, addressing financial, operational, compliance risks and information technology, are adequate and effective as at the end of the reporting year 30 June 2018.

8. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 20 August 2018, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Hiroshi Tatara
Director

Yek Hong Liat John
Director

28 September 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of RE&S Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of RE&S Holdings Limited, (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (cont'd)

(1) Assessment of impairment of property, plant and equipment of non-performing outlets

Refer to Note 2 for the relevant accounting policy and Note 14 for the disclosure of property, plant and equipment.

Key Audit Matter

The carrying amount of property, plant and equipment was $39.9 million which represents 62% of total assets as at the end of the reporting year.

The group operates restaurants in Singapore and Malaysia and has certain restaurant outlets that incurred losses during the reporting year. Management performed impairment tests on the property, plant and equipment of these outlets and determined their recoverable amounts based on value in use calculations and net realisable value. This area was significant to our audit because the impairment assessment involved significant management judgement and required the management to make various assumptions in the underlying cash flow forecasts.

How we addressed the matter in our audit

Our audit procedures focused on evaluating the key assumptions and estimates used by the management in their impairment assessment. These procedures included:

- Reviewed management's identification of impairment indicators relating to the outlets that incurred losses by assessing management's review of the financial performance on the individual outlet basis;
- Tested the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results;
- Reviewed management's sensitivity analysis of the recoverable amounts to changes in certain key assumptions based on the overall industry outlook; and
- Reviewed management's disclosures in the consolidated financial statements.

For those property, plant and equipment that are subjected to impairment assessment, we found that the assumptions and estimates used are within a reasonable range of our expectations. We also found the disclosures in the consolidated financial statements are appropriate.

Key audit matters (cont'd)

(2) Completeness of revenue

Refer to Note 2 for the relevant accounting policy and Notes 5 and 21 for the disclosure of revenue and cash respectively.

Key Audit Matter

The group's revenue from sale of food and beverages amounts to $142.2 million, which amounts to 99.9% of the group's total revenue for the reporting year.

Revenue from sale of food and beverages is recognized based on actual amounts billed to customers. It is transacted via a large volume of low-value cash and credit card transactions. As cash is susceptible to theft and pilferage, we have focused on the completeness of cash.

How we addressed the matter in our audit

Our audit procedures focused on the design and tested the operating effectiveness of internal controls surrounding cash sales to assess if sales are appropriately recorded. These procedures included:

- Reviewed management's assessment of monthly outlet operating margins for completeness of revenue recorded, testing of monitoring controls over cash receipts cycle and the recognition of revenue based on cash receipts;
- Performed sales cut-off procedures using data analytics tools to match sales generated from point-of-sales system to general ledger to evaluate the completeness of revenue recorded for all outlets for the reporting year; and
- Assessed the adequacy of the disclosures related to total revenue and cash on hand.

We also found the disclosures in the consolidated financial statements are appropriate.

Other information

Management is responsible for the other information. The other information comprises the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Pang Hui Ting.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

28 September 2018

Engagement partner – effective from year ended 30 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 30 June 2018

	Notes	2018	2017
		$'000	**$'000**
Revenue	5	142,294	140,892
Other operating income	6	1,253	1,722
Raw materials and consumables used		(39,238)	(39,159)
Changes in inventories of finished goods		106	(417)
Employee benefits expense	7	(50,491)	(49,598)
Depreciation expense	14	(8,527)	(8,052)
Operating lease expenses	30	(24,399)	(23,999)
Utilities expenses		(4,080)	(3,820)
Finance costs	8	(349)	(315)
Other operating expenses	9	(8,641)	(7,881)
Other expenses	10	(2,637)	(2,051)
Profit before income tax		5,291	7,322
Income tax expense	11	(1,723)	(1,630)
Profit, net of income tax		3,568	5,692
Other comprehensive (loss) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of income tax		(21)	14
Other comprehensive (loss) income for the year, net of income tax		(21)	14
Total comprehensive income for the year		3,547	5,706
Profit attributable to owners of the company, net of income tax		3,568	5,697
Loss attributable to non-controlling interests, net of income tax		–	(5)
Profit, net of income tax		3,568	5,692
Total comprehensive income attributable to owners of the company		3,547	5,711
Total comprehensive loss attributable to non-controlling interests		–	(5)
Total comprehensive income		3,547	5,706
		Cents	**Cents**
Basic and diluted earnings per share	13	1.0	1.6

STATEMENT OF FINANCIAL POSITIONS

As at 30 June 2018

	Note	Group 2018	Group 2017	Company 2018
		$'000	$'000	$'000
ASSETS				
Non-current assets				
Property, plant and equipment	14	39,937	42,500	–
Investment in subsidiaries	15	–	–	21,636
Deferred tax assets	11	–	37	–
Other receivables, non-current	16	–	–	10,671
Other assets, non-current	17	3,980	6,070	–
Total non-current assets		43,917	48,607	32,307
Current assets				
Inventories	18	2,676	2,782	–
Trade and other receivables, current	19	1,503	1,055	5,363
Other assets, current	20	2,878	2,071	8
Cash and cash equivalents	21	13,525	4,160	221
Total current assets		20,582	10,068	5,592
Total assets		64,499	58,675	37,899
EQUITY AND LIABILITIES				
Equity				
Share capital	22	32,307	20,949	32,307
Merger reserve	23	(18,149)	(18,149)	–
Retained earnings		21,490	21,922	3,575
Foreign currency translation reserve		(48)	(27)	–
Total equity		35,600	24,695	35,882
Non-current liabilities				
Deferred tax liabilities	11	1,608	1,749	–
Provisions, non-current	25	1,799	1,760	–
Other financial liabilities, non-current	26	10,971	11,993	–
Total non-current liabilities		14,378	15,502	–
Current liabilities				
Income tax payable		1,734	1,431	5
Trade and other payables	27	10,951	11,759	2,012
Other financial liabilities, current	26	1,735	5,173	–
Other liabilities	28	101	115	–
Total current liabilities		14,521	18,478	2,017
Total liabilities		28,899	33,980	2,017
Total equity and liabilities		64,499	58,675	37,899

STATEMENTS OF CHANGES IN EQUITY
Year Ended 30 June 2018

	Total equity	Attributable to owners of the company sub-total	Share capital	Merger reserve	Retained earnings	Foreign currency translation reserve	Non-controlling interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group:							
Current year:							
Opening balance at 1 July 2017	24,695	24,695	20,949	(18,149)	21,922	(27)	–
Movement in equity:							
Total comprehensive income (loss) for the year	3,547	3,547	–	–	3,568	(21)	–
Issuance of new shares pursuant to Initial Public Offering ("IPO")	11,880	11,880	11,880	–	–	–	–
Capitalisation of IPO expenses	(522)	(522)	(522)	–	–	–	–
Dividend paid (Note 12) (*)	(4,000)	(4,000)	–	–	(4,000)	–	–
Closing balance at 30 June 2018	35,600	35,600	32,307	(18,149)	21,490	(48)	–
Previous year:							
Opening balance at 1 July 2016	32,488	32,859	2,800	–	30,100	(41)	(371)
Movement in equity:							
Total comprehensive income (loss) for the year	5,706	5,711	–	–	5,697	14	(5)
Acquisition of a non-controlling interest without a change in control (Note 15)	–	(376)	–	–	(376)	–	376
Issuance of shares pursuant to the acquisition of subsidiary as part of the restructuring exercise	20,949	20,949	20,949	–	–	–	–
Share swap pursuant to the restructuring exercise	(20,949)	(20,949)	(2,800)	(18,149)	–	–	–
Dividend paid (Note 12) (*)	(13,960)	(13,960)	–	–	(13,960)	–	–
Other payables from non-controlling interest waived (Note 3)	461	461	–	–	461	–	–
Closing balance at 30 June 2017	24,695	24,695	20,949	(18,149)	21,922	(27)	–

(*) Dividends paid to shareholders of subsidiaries before Initial Public Offering ("IPO").

STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2018

	Total equity	Share capital	Retained earnings
Company:	**$'000**	**$'000**	**$'000**
Current year:			
Subscriber shares at 26 May 2017 (date of incorporation)	*–	*–	–
Changes in equity:			
Issuance of shares pursuant to the acquisition of subsidiary as part of the restructuring exercise	20,949	20,949	–
Issuance of new shares pursuant to Initial Public Offering ("IPO")	11,880	11,880	–
Capitalisation of IPO expenses	(522)	(522)	–
Total comprehensive income for the year	3,575	–	3,575
Closing balance at 30 June 2018	35,882	32,307	3,575

* Less than $1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2018

	2018	2017
	$'000	$'000
Cash flows from operating activities		
Profit before income tax	5,291	7,322
Adjustment for:		
Interest income	(30)	(3)
IPO expenses	1,066	–
Interest expense	349	315
Depreciation of property, plant and equipment	8,527	8,052
(Gain) loss on disposal of plant and equipment	(22)	4
Plant and equipment written off	398	450
Net effect of exchange rate changes in consolidating foreign operations	(46)	40
Operating cash flows before changes in working capital	15,533	16,180
Inventories	106	417
Trade and other receivables, current	(448)	65
Other assets, current	(807)	2,496
Reinstatement cost utilized	(94)	(189)
Trade and other payables	(808)	(1,928)
Other liabilities	(14)	115
Net cash flows from operations	13,468	17,156
Income taxes paid	(1,524)	(10)
Net cash flows from operating activities	11,944	17,146
Cash flows from investing activities		
Purchase of plant and equipment	(6,902)	(5,861)
Disposal of plant and equipment	720	82
Other assets, non-current	2,090	(1,643)
Interest received	30	3
Net cash used in investing activities	(4,062)	(7,419)
Cash flows from financing activities		
Cash restricted over 3 months	(1,498)	–
Dividend paid to equity owners	(4,000)	(13,960)
Increase from new borrowings	–	3,640
Decrease in other financial liabilities	(4,460)	(1,868)
Gross proceeds from issuance of new shares pursuant to IPO	11,880	–
IPO expense paid	(1,588)	–
Interest paid	(349)	(315)
Net cash flows used in financing activities	(15)	(12,503)
Net increase (decrease) in cash and cash equivalents	7,867	(2,776)
Cash and cash equivalents, statement of cash flows, beginning balance	3,998	6,774
Cash and cash equivalents, statement of cash flows, ending balance (Note 21A)	11,865	3,998

NOTES TO THE FINANCIAL STATEMENTS
30 June 2018

1. GENERAL

RE&S Enterprises Holdings Pte. Ltd. (the "company") was incorporated on 26 May 2017 under the Companies Act as a private limited company domiciled in Singapore. On 31 July 2017, the company was renamed "RE&S Holdings Pte. Ltd.". On 8 November 2017, the company was converted to a public limited company and changed its name to RE&S Holdings Limited. On 22 November 2017, the company was listed on the Catalist Board (the "Catalist") of Singapore Exchange Securities Trading Limited.

The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and its subsidiaries. All financial information have been rounded to the nearest thousand ("000"), except when otherwise stated.

The board of directors approved and authorized these financial statements for issue on the date of the statement by directors.

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 disclosed in the Note 15 to the financial statements.

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

Restructuring

The group undertook the following transactions as part of a corporate restructuring implemented in preparation for its listing on the Catalist (the "Restructuring Exercise"):

(i) The company was incorporated on 26 May 2017 in Singapore under the Companies Act as a private company limited by shares with an issued and paid-up share capital of $100 comprising 100 Shares, with 75 Shares and 25 Shares being held by Mr. Hiroshi Tatara and Mr. Yek Hong Liat John ("Controlling Shareholders") respectively;

(ii) The company acquired from R E & S Enterprises Pte Ltd the entire issued and paid-up share capital in each of RE&S Japan Co., Ltd., R E & S Enterprises (M) Sdn. Bhd., Promote Japan Enterprise Pte. Ltd. and Kabe No Ana Pte. Ltd. for a consideration of $240,050, $446,868, $1 and $1 respectively on 26 October 2017. The consideration for the acquisition of the entire shareholding interest in each of RE&S Japan Co., Ltd, R E & S Enterprises (M) Sdn. Bhd., Promote Japan Enterprise Pte. Ltd. and Kabe No Ana Pte. Ltd. was based on the cost of investment of each of these entities as of 30 June 2017. The aggregate consideration of $686,920 was settled on a cash basis;

1. GENERAL (CONT'D)

Restructuring (cont'd)

(iii) On 26 October 2017, the company acquired from Mr. Hiroshi Tatara, Mr. Yek Hong Liat John, Mr. Ben Yeo Chee Seong and Mr. Teo Eng Kim an aggregate of 2,800,000 ordinary shares in R E & S Enterprises Pte Ltd for a total consideration of $20,949,018, which was based on the net asset value of R E & S Enterprises Pte Ltd as of 30 June 2017. The consideration was satisfied by the issuance of 14,599,927, 4,999,975, 199,999 and 199,999 shares to Mr. Hiroshi Tatara, Mr. Yek Hong Liat John, Mr. Ben Yeo Chee Seong and Mr. Teo Eng Kim, respectively;

Following the completion of the Restructuring Exercise, the company became the holding company of the group.

(iv) On 8 November 2017, 20,000,000 shares in the capital of the company were sub-divided into 300,000,000 shares (the "Sub-Division").

Prior to the Restructuring and until 26 October 2017, R E & S Enterprises Pte Ltd and its subsidiaries were controlled by the same Controlling Shareholders.

The Restructuring is, therefore, considered to be a business combination involving entities or businesses under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these entities transferred have been included in the consolidated financial statements at their carrying amounts. Although the Restructuring occurred subsequent to the end of the reporting year ended 30 June 2017, the consolidated financial statements present the financial position and financial performance as if the businesses had always been combined since the beginning of the earliest period presented.

Accounting convention

The financial statements of the company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss, as required or permitted by FRSs.

1. GENERAL (CONT'D)

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries (the "group") as at the end of the reporting periods. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions that are recognized in assets are eliminated in full.

The consolidated financial statements of the group for the reporting year ended 30 June 2017 have been prepared using the pooling of interest method as the Restructuring described in Note 1 on Restructuring is a legal restructuring of businesses or entities under common control. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the end of the reporting periods. The company has been treated as the holding company of its subsidiaries for the reporting years presented rather than from the date of completion of the Restructuring.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of the food and beverages is recognized when significant risks and rewards of ownership of the food and beverages are transferred to the buyer i.e. when the food and beverages are delivered, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Rental revenue is recognized on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognized using the effective interest method.

Government grants

A government grant is recognized at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidized by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognized in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognized where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognized as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realized and unrealized exchange adjustment gains and losses are dealt with in profit or loss except when recognized in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognized in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognized in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognized as income or as an expense in profit or loss unless the tax relates to items that are recognized in the same or a different period outside profit or loss. For such items recognized outside profit or loss the current tax and deferred tax are recognized (a) in other comprehensive income if the tax is related to an item recognized in other comprehensive income and (b) directly in equity if the tax is related to an item recognized directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority.

The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. A deferred tax amount is recognized for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognized for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilized against taxable profits.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property	–	Over lease term or 3.33%
Plant and equipment	–	5% to 20%

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

An asset is depreciated when it is available for use until it is derecognized even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognized in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalized and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognized as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 25 on provisions.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognized as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognized in profit or loss a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging on operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

An investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognized in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realized in a current market exchange.

Segment reporting

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognized in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognized in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognized.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognized on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognized when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortized costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognized on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognized. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available for sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognized on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognized when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Liabilities at amortized cost: These liabilities are carried at amortized cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximize the use of relevant observable inputs and minimize unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements categorize the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorized within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognized is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. 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.

Assessment of impairment of 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 the assumption is $23,132,000 (2017: $24,988,000).

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, 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 or class of assets at the end of the reporting year affected by the assumption is $39,937,000 (2017: $42,500,000).

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:

The entity recognizes tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognized and the extent to which amounts should or can be recognized. A deferred tax asset is recognized for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Hiroshi Tatara, a director and significant shareholder.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3B. Key management compensation

	Group	
	2018	2017
	$'000	$'000
Salaries and other short-term employee benefits	2,186	1,694

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

	Group	
	2018	2017
	$'000	$'000
Remuneration of directors of the company	1,284	493
Fees to directors of the company	126	547

Further information about the remuneration of individual directors is provided in the report on corporate governance.

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.

3C. Other receivables from and other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related parties are as follows:

Company	Subsidiaries	
	2018	2017
	$'000	$'000
Other receivables		
Balance at beginning of year	–	–
Amounts paid out and settlement of liabilities on behalf of subsidiaries	12,796	–
Amounts paid in and settlement of liabilities on behalf of the company	(2,125)	–
Dividend income	3,500	–
Balance at end of the year	14,171	–

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3C. Other receivables from and other payables to related parties (cont'd)

Company	**Subsidiaries**	
	2018	**2017**
	$'000	**$'000**
Presented in the statement of financial position as:		
Other receivables, non-current (Note 16)	10,671	–
Other receivables, current (Note 19)	3,500	–
Balance at end of the year	14,171	–

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4A. Primary analysis by business segment

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

(1) The full-service restaurants segment ("Restaurants") 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 ("Quick services") 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 the same as those described in the summary of significant accounting policies.

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").

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4A. Primary analysis by business segment (cont'd)

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:

	2018	2017
	$'000	$'000
Revenue by segment:		
Restaurants	102,360	104,843
Quick services	39,934	36,049
Total	142,294	140,892

4B. Profit or loss from continuing operations and reconciliations

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

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

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

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

4C. Assets and reconciliations

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

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

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4D. Liabilities and reconciliations

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

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

4E. Other material items and reconciliations

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

4F. 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.

4G. 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.

5. REVENUE

	Group	
	2018	2017
	$'000	$'000
Sale of food and beverages	142,160	140,639
Rental income	134	253
	142,294	140,892

6. OTHER OPERATING INCOME

	Group	
	2018	2017
	$'000	$'000
Interest income	30	3
Sponsorship income	–	153
Gain on disposal of plant and equipment, net	22	–
Other income	281	74
Foreign exchange translation gain, net	203	188
Government grants	717	1,304
	1,253	1,722

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018	2017
	$'000	$'000
Short term employee benefits	41,424	40,402
Contributions to defined contribution plan	5,280	5,208
Other benefits	3,787	3,988
Total employee benefits expense	50,491	49,598

8. FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Interest expense on bank loans	349	315

9. OTHER OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
The major components include the following:		
Credit card commission	2,016	1,755
Delivery and transportation	2,156	2,008
Repair and maintenance	1,254	1,164

10. OTHER EXPENSES

	Group	
	2018	2017
	$'000	$'000
The major components include the following:		
Audit services:		
– Independent auditors of the company	121	71
– Other independent auditors	28	17
Non-audit services:		
– Independent auditors of the company	20	17
IPO expenses#	1,066	–
Plant and equipment written off	398	450
Loss on disposal of plant and equipment	–	4
Consultancy expenses	54	358
Legal and professional fees	418	351

In addition to the fees disclosed, an amount of $180,000 (2017: Nil) was paid to the auditors of the company relating to the IPO exercise of the company during the year.

11. INCOME TAX

11A. Components of tax expense recognized in profit or loss include

	Group	
	2018	2017
	$'000	$'000
Current tax expense:		
Current tax expense	1,797	1,855
Over adjustments to current tax in respect of prior periods	(50)	(338)
Withholding tax	80	14
Subtotal	1,827	1,531
Deferred tax (income) expense:		
Deferred tax expense	(86)	99
Over provision to deferred tax in respect of prior periods	(18)	–
Subtotal	(104)	99
Total income tax expense	1,723	1,630

11. INCOME TAX (CONT'D)

11A. Components of tax expense recognized in profit or loss include (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	$'000	$'000
Profit before income tax	5,291	7,322
Income tax expense at the above rate	899	1,245
Expenses not deductible for tax purposes	856	725
Tax exemptions	(45)	(36)
Over provision to tax in respect of prior years	(68)	(338)
Effect of different tax rates in different countries	29	30
Unrecognized deferred tax assets	–	23
Others	52	(19)
Total income tax expense	1,723	1,630

There are no income tax consequences of dividends to owners of the company.

The major not deductible item is as follows:

	Group	
	2018	2017
	$'000	$'000
Depreciation expense of non-qualifying assets	3,504	3,476

11B. Deferred tax (income) expense recognized in profit of loss includes

	Group	
	2018	2017
	$'000	$'000
Excess of net book value of plant and equipment over tax value	(199)	220
Excess of tax values over net book value of plant and equipment	65	(20)
Provision	(208)	(133)
Tax loss carryforwards	249	(3)
Others	(11)	12
Deferred tax assets not recognized	–	23
Total deferred income tax (income) expense recognized in profit or loss	(104)	99

11. INCOME TAX (CONT'D)

11C. Deferred tax balance in the statement of financial position

	Group	
	2018	2017
	$'000	$'000
From deferred tax assets (liabilities) recognized in profit or loss:		
Excess of net book value of plant and equipment over tax values	(1,684)	(1,883)
Excess of tax values over net book value of plant and equipment	21	86
Provision	341	133
Tax loss carryforwards	20	269
Others	18	7
Unrecognized deferred tax assets	(324)	(324)
Net balance liabilities	(1,608)	(1,712)

Presented in the statement of financial position as follows:

	Group	
	2018	2017
	$'000	$'000
Deferred tax liabilities	(1,608)	(1,749)
Deferred tax assets	–	37
Net balance	(1,608)	(1,712)

It is impracticable to estimate the amount expected to be settled or used within one year.

12. DIVIDENDS ON EQUITY SHARES

	Group			
	Rate per share – dollars			
	2018	2017	2018	2017
			$'000	$'000
Final tax exempt (one-tier) dividend	–	0.70	–	1,960
Interim tax exempt (one-tier) dividend	1.43	4.29	4,000	12,000
	1.43	4.99	4,000	13,960

12. DIVIDENDS ON EQUITY SHARES (CONT'D)

In respect of the current year, the directors propose that final one-tier tax exempt ordinary dividend of 0.40 cents per share with a total of $1,416,000 to be paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2018 is payable in respect of all ordinary shares in issue at the end of the reporting date and including the new qualifying shares issued up to the date the dividend becomes payable.

13. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the company by the weighted average number of shares outstanding during the financial year.

The following illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2018	**2017**
	$'000	**$'000**
Numerator		
Profit attributable to owners of the company, net of income tax	3,568	5,697
Denominator		
Weighted average number of equity shares	354,000	354,000

For comparatives purposes, the earnings per share for the respective reporting years have been computed based on the profit attributable to owners of the company and share capital of 354,000,000 shares assuming that the Restructuring exercise and the issuance of 54,000,000 new shares pursuant to the IPO had been completed as at 1 July 2016.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting years.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property	Plant and equipment	Total
	$'000	$'000	$'000
Cost:			
At 1 July 2016	19,192	65,667	84,859
Additions	313	5,670	5,983
Disposals	–	(6,107)	(6,107)
Foreign exchange adjustments	–	(169)	(169)
At 30 June 2017	19,505	65,061	84,566
Additions	–	7,035	7,035
Disposals	–	(5,005)	(5,005)
Foreign exchange adjustments	–	139	139
At 30 June 2018	19,505	67,230	86,735
Accumulated depreciation:			
At 1 July 2016	1,294	38,433	39,727
Depreciation for the year	699	7,353	8,052
Disposals	–	(5,571)	(5,571)
Foreign exchange adjustments	–	(142)	(142)
At 30 June 2017	1,993	40,073	42,066
Depreciation for the year	707	7,820	8,527
Disposals	–	(3,909)	(3,909)
Foreign exchange adjustments	–	114	114
At 30 June 2018	2,700	44,098	46,798
Carrying value:			
At 1 July 2016	17,898	27,234	45,132
At 30 June 2017	17,512	24,988	42,500
At 30 June 2018	16,805	23,132	39,937

The leasehold property is mortgaged as security for the bank facilities (see Note 26).

Borrowing costs included in the cost of the qualifying assets are as follows:

	Group	
	2018	2017
	$'000	$'000
Accumulated interest capitalized included in the total cost	144	144

15. INVESTMENTS IN SUBSIDIARIES

	Company 2018
	$'000
Movements during the year. At cost:	
Balance at beginning of the year	–
Acquisitions[N1] [N2]	21,636
Cost at the end of the year	21,636
Total cost comprising:	
Unquoted equity shares at cost	21,636
Net book value of subsidiaries	20,196
Analysis of above amount denominated in non-functional currency:	
Malaysian ringgit	447
Japanese yen	240

(N1) On 26 October 2017, the company entered into a sale and purchase agreement to acquire from R E & S Enterprises Pte Ltd the entire issued and paid-up capital in each of RE&S Japan Co., Ltd., R E & S Enterprises (M) Sdn. Bhd., Promote Japan Enterprise Pte. Ltd. and Kabe No Ana Pte. Ltd. for a consideration of $240,050, $446,868, $1 and $1 respectively. See Note 1 on Restructuring for details.

(N2) On 26 October 2017, the company has also entered into a sale and purchase agreement with Mr. Hiroshi Tatara, Mr. Yek Hong Liat John, Mr. Ben Yeo Chee Seong and Mr. Teo Eng Kim to acquire an aggregate of 2,800,000 ordinary shares in R E & S Enterprises Pte Ltd for a total consideration of $20,949,018. See Note 1 on Restructuring for details.

The subsidiaries held by the company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Costs in books of company 2018	Effective percentage of equity held by company 2018
	$'000	%
R E & S Enterprises Pte Ltd[a] Singapore Restaurateur	20,949	100
Kabe No Ana Pte. Ltd.[a] Singapore Restaurateur	–[d]	100
Promote Japan Enterprise Pte. Ltd.[a] Singapore Event organizer	–[d]	100

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Costs in books of company 2018	Effective percentage of equity held by company 2018
	$'000	%
R E & S Enterprises (M) Sdn. Bhd.[b] Malaysia Restaurateur	447	100
RE&S Japan Co., Ltd.[c] Japan Providing raw food supply	240	100
	21,636	

(a) Audited by RSM Chio Lim LLP in Singapore.

(b) Audited by RSM Malaysia, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(c) Audited by RSM Japan, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(d) Cost of investment is less than $1,000.

On 31 October 2016, the group acquired an additional 26% equity interest in Kabe No Ana Pte. Ltd. from its non-controlling interest for a cash consideration of $1. Consequently, the group held 100% equity interest in Kabe No Ana Pte. Ltd..

The following summarize the effect of the change in the group's ownership interest in Kabe No Ana Pte. Ltd. on the equity attributable to owners of the group:

Date	Carrying value of the additional interest acquired	Consideration paid	Difference between the consideration and the carrying value of the additional interest acquired
	$	$	$
31 October 2016	(376,113)	1	(376,114)

The difference of $376,114 between the consideration and the carrying value of the additional interest acquired has been recognized as "acquisition of non-controlling interests without a change in control" within equity.

In connection with the acquisition, the non-controlling interest waived their respective rights to the amount payable of $416,000 and $45,000 by the subsidiaries to the non-controlling parties. These were recorded in the shareholders equity.

16. OTHER RECEIVABLES, NON-CURRENT

	Company
	2018
	$'000
Loans receivable from subsidiary (Note 3)	10,671

The loans receivable has no terms or interest and is not expected to be settled in the foreseeable future, as repayment is dependent on cash flows of the subsidiary. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably. The amount is stated at cost.

17. OTHER ASSETS, NON-CURRENT

	Group	
	2018	2017
	$'000	$'000
Deposits to secure services	3,980	6,070

18. INVENTORIES

	Group	
	2018	2017
	$'000	$'000
Raw materials and consumables	2,676	2,782

There are no inventories pledged as security for liability.

19. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Company
	2018	2017	2018
	$'000	$'000	$'000
Trade receivables:			
Outside parties	1,480	1,051	–
Subsidiaries (Note 3)	–	–	1,863
Net trade receivables – subtotal	1,480	1,051	1,863
Other receivables:			
Outside parties	23	4	–
Subsidiaries (Note 3)	–	–	3,500
Net other receivables – subtotal	23	4	3,500
Total trade and other receivables	1,503	1,055	5,363

20. OTHER ASSETS, CURRENT

	Group		Company
	2018	2017	2018
	$’000	$’000	$’000
Deposits to secure services	2,260	1,527	–
Deposits for renovation of outlets	101	180	–
Prepayments	517	364	8
	2,878	2,071	8

21. CASH AND CASH EQUIVALENTS

	Group		Company
	2018	2017	2018
	$’000	$’000	$’000
Not restricted in use	11,865	3,998	221
Restricted in use[#]	1,660	162	–
	13,525	4,160	221
Interest earning balances	6,164	162	–

The rate of interest for the cash on interest balances ranged between 0.50% and 1.06% (2017: 0.22% and 0.50%) per annum.

This is for amounts held by bankers to cover the bank facilities granted.

21A. Cash and cash equivalents in the statement of cash flows

	Group	
	2018	2017
	$’000	$’000
Amount as shown above	13,525	4,160
Cash restricted in use over 3 months	(1,660)	(162)
Cash and cash equivalents for statement of cash flows purposes at end of the year	11,865	3,998

21B. Non-cash transactions

There are no reconciliation amounts for the non-cash changes in liabilities arising from financing activities.

21. CASH AND CASH EQUIVALENTS (CONT'D)

21C. Reconciliation of purchase of property, plant and equipment arising from investing activities

	Group	
	2018	2017
	$'000	$'000
Purchase of property, plant and equipment (Note 14)	(7,035)	(5,983)
Additions in provision for restoration (Note 25)	133	122
	(6,902)	(5,861)

21D. Reconciliation of liabilities arising from financing activities

	At beginning of the year	Cash flows	Non-cash changes	At end of the year
Group:	$'000	$'000	$'000	$'000
2018				
Long-term borrowings	11,993	(1,022)	–	10,971
Short-term borrowings	5,173	(3,438)	–	1,735
Total liabilities from financing activities	17,166	(4,460)	–	12,706
2017				
Long-term borrowings	13,181	(1,188)	–	11,993
Short-term borrowings	2,213	2,960	–	5,173
Total liabilities from financing activities	15,394	1,772	–	17,166

22. SHARE CAPITAL

	Group Number of shares issued	Group Share capital	Company Number of shares issued	Company Share capital
	’000	$’000	’000	$’000
Subscriber shares at 26 May 2017 (date of incorporation)	–	–	*–	*–
Balance at beginning of the year 1 July 2017	2,800	2,800	*–	*–
Issuance of shares pursuant to the acquisition of subsidiary as part of the restructuring exercise	300,000	20,949	300,000	20,949
Share swap pursuant to the restructuring exercise	(2,800)	(2,800)	–	–
Balance at 30 June 2017[a]	300,000	20,949	300,000	20,949
Issuance of new shares pursuant to IPO	54,000	11,880	54,000	11,880
Capitalisation of IPO expenses	–	(522)	–	(522)
Balance at 30 June 2018	354,000	32,307	354,000	32,307

* Less than $1,000

(a) Share capital refers to shares issued to the Controlling Shareholder pursuant to the Restructuring Exercise as described in Note 1 as adjusted for the Share Split, which is deemed to have taken place since the beginning of the earliest period presented.

The company was incorporated on 26 May 2017 with an initial share capital of $100 comprising 100 shares held by Mr. Hiroshi Tatara and Mr. Yek Hong Liat John (“Controlling Shareholders”).

On 26 October 2017, the company issued 19,999,900 shares to the Controlling Shareholders for a consideration of $20,949,018 pursuant to the Restructuring Exercise as described in Note 1.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

On 8 November 2017, pursuant to the Sub-Division, 20,000,000 shares in the capital of the Company were sub-divided into 300,000,000 shares.

Pursuant to the IPO on 22 November 2017, the company issued and allotted 54,000,000 ordinary shares for a consideration of $11,880,000. IPO expenses incurred amounted to $1,588,000, of which $522,000 has been capitalized against share capital while the remaining amount of $1,066,000 has been included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

22. SHARE CAPITAL (CONT'D)

Capital management

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2018	**2017**
	$'000	**$'000**
Net debt:		
All current and non-current borrowings	12,706	17,166
Less cash and cash equivalents	(13,525)	(4,160)
(Net cash) net debt	(819)	13,006
Adjusted capital:		
Total equity	35,600	24,695
Debt-to-adjusted capital ratio	N.M.	52.67%

N.M.: The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings as the group is in net cash position.

23. MERGER RESERVE

This represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method, as described in Note 1 on Restructuring to the financial statements.

24. SHARE-BASED PAYMENT

Share options

During the reporting year 30 June 2018, no option to take up unissued shares of the company or any body corporate in the group was granted. There were no employee share options granted since the commencement of the share option scheme which is more fully disclosed in the report of the directors.

25. PROVISIONS, NON-CURRENT

	Group	
	2018	**2017**
	$'000	**$'000**
Provision for restoration	1,799	1,760
Movements in above provision:		
Balance at beginning of year	1,760	1,827
Additions (Note 21C)	133	122
Utilisation	(94)	(189)
At end of the year	1,799	1,760

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leasehold properties. The estimate is based on quotation from external contractors. The unwinding of discount is not significant.

26. OTHER FINANCIAL LIABILITIES

	Group	
	2018	**2017**
	$'000	**$'000**
Non-current:		
Financial instruments with floating interest rates:		
Bank loan A (secured)	–	336
Bank loan B (secured)	2,084	2,218
Bank loan C (secured)	7,882	8,366
Bank loan D (secured)	1,005	1,073
Non-current	10,971	11,993

NOTES TO THE FINANCIAL STATEMENTS

30 June 2018

26. OTHER FINANCIAL LIABILITIES (CONT'D)

	Group	
	2018	**2017**
	$'000	**$'000**
Current:		
Financial instruments with floating interest rates:		
Bank loan A (secured)	1,039	1,984
Bank loan B (secured)	140	138
Bank loan C (secured)	490	485
Bank loan D (secured)	66	66
Bank loan E (secured)	–	1,500
Bank loan F (unsecured)	–	1,000
Current	1,735	5,173
Total	12,706	17,166

The non-current portion is repayable as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Due within 2 to 5 years	2,945	3,703
After 5 years	8,026	8,290
Total non-current portion	10,971	11,993

The range of floating rate interest rates were as follows:

	Group	
	2018	**2017**
	%	**%**
Bank loan A (secured)	2.60 – 2.90	2.56 – 2.72
Bank loan B (secured)	1.99 – 2.28	1.91 – 2.04
Bank loan C (secured)	1.99 – 2.28	1.91 – 2.04
Bank loan D (secured)	2.10 – 2.60	2.10 – 2.63
Bank loan E (secured)	2.69 – 3.00	2.69 – 3.00
Bank loan F (unsecured)	2.19 – 2.50	2.19 – 2.50

26. OTHER FINANCIAL LIABILITIES (CONT'D)

The bank loan agreements for certain of the bank loans provide among other matters for the following:

Bank loan A — The long term loan is secured by legal mortgage over the group's property, and the loan is repayable over 60 monthly instalments commencing August 2013.

Bank loan B — The long term loan is secured by legal mortgage over the group's property and guaranteed by the company. The loan is repayable over 240 monthly instalments commencing April 2012.

Bank loan C — The long term loan is secured by legal mortgage over the group's property. The loan is repayable over 240 monthly instalments commencing February 2013.

Bank loan D — The long term loan is secured by legal mortgage over the group's property. The loan is repayable over 180 monthly instalments commencing May 2017.

Bank loan E — The short term loan is secured by legal mortgage over the group's property. The loan has been fully repaid during the year.

Bank loan F — The short term loan is unsecured and is repayable on demand. The loan has been fully repaid during the year.

27. TRADE AND OTHER PAYABLES

	Group		Company
	2018	**2017**	**2018**
	$'000	**$'000**	**$'000**
Trade payables:			
Outside parties	4,452	5,078	37
Accrued liabilities	5,546	5,783	195
Subsidiaries (Note 3)	–	–	1,780
Trade payables – subtotal	9,998	10,861	2,012
Other payables:			
Other payables	687	405	–
For purchase of non-current assets	266	493	–
Other payables – subtotal	953	898	–
Total trade and other payables	10,951	11,759	2,012

28. OTHER LIABILITIES

	Group	
	2018	2017
	$'000	$'000
Deferred capital grants from government	101	115

29. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognized in the financial statements are as follows:

	Group	
	2018	2017
	$'000	$'000
Commitments to purchase plant and equipment	237	127

30. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year the total of future minimum lease payments commitments under non-cancellable operating leases are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	21,547	20,260
Later than one year and not later than five years	25,407	26,273
Rental expense for the year	24,399	23,999

Included in the rental expenses for the year is an amount of approximately $660,000 (2017: $787,000) contingent rental (as described below) incurred during the year.

Operating lease payments are for rentals payable for its operating premises. The lease rental terms are negotiated for an average term of 3 years. Some of the leases contain escalation clauses. Some provide for contingent rentals based on percentages of sales. Lease terms do not contain restrictions on the group's activities concerning dividends, additional debt or further leasing. Contingent rental is not included in the commitments as it is currently not determinable.

31. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

Operating lease income is for rentals receivables for its operating premises. The lease to the tenant is on a month-to-month basis with no commitment terms. At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are not significant.

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

32A. Categories of financial assets and liabilities

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

	Group		Company
	2018	2017	2018
	$'000	$'000	$'000
Financial assets:			
Cash and cash equivalents	13,525	4,160	221
Loans and receivables	1,503	1,055	16,034
At end of the year	15,028	5,215	16,255
Financial liabilities:			
Other financial liabilities measured at amortized cost	12,706	17,166	–
Trade and other payables measured at amortized cost	10,951	11,759	2,012
At end of the year	23,657	28,925	2,012

Further quantitative disclosures are included throughout these financial statements.

32B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain strategies for the management of financial risks. However, these are not documented in formal writing. The following guidelines include the following:

1. Minimize interest rate, currency, credit and market risks for all kinds of transactions.

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

32B. Financial risk management (cont'd)

2. Maximize the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following the acceptable market practices.

There have been no changes to the exposures to risks; the objectives, policies and processes for managing the risks and the methods used to measure the risks.

32C. Fair values of financial instruments

The analyzes of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortized cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

32D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognized in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers.

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

32D. Credit risk on financial assets (cont'd)

As is disclosed in Note 21, cash and cash equivalents balances represent amounts with a less than 30 day maturity.

Other receivables are normally with no fixed terms and therefore there is no maturity.

32E. Liquidity risk – financial liabilities maturity analysis

The following table analyzes the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than 1 year	2 – 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
Group				
Non-derivative financial liabilities:				
2018:				
Gross borrowing commitments	1,991	3,789	8,901	14,681
Trade and other payables	10,951	–	–	10,951
At end of the year	12,942	3,789	8,901	25,632
2017:				
Gross borrowing commitments	5,456	4,647	9,156	19,259
Trade and other payables	11,759	–	–	11,759
At end of the year	17,215	4,647	9,156	31,018
Company				
Non-derivative financial liabilities:				
2018:				
Trade and other payables	2,012	–	–	2,012
At end of the year	2,012	–	–	2,012

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

32E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts – For financial guarantees contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year no claims on the financial guarantees are expected. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	Less than 1 year	1 – 3 years	Total
	$'000	$'000	$'000
Group			
2018:			
Bank guarantees	425	2,310	2,735
2017:			
Bank guarantees	–	964	964

The above bank guarantees were secured by legal mortgage over the group's property and guaranteed by the company.

	Less than 1 year	2 – 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000
Company				
2018				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	2,160	6,404	8,027	16,591

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payable is about 30 to 60 days (2017: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

32F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The following table analyzes the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2018	**2017**
	$'000	**$'000**
Financial assets:		
Fixed rate	6,164	162
Total at end of the year	6,164	162
Financial liabilities:		
Floating rate	12,706	17,166
Total at end of the year	12,706	17,166

The floating rate debt instruments are with interest rates that are reset regularly at one month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2018	**2017**
	$'000	**$'000**
Financial liabilities:		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an decrease in pre-tax profit for the year by	127	172

32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

32G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

	Japanese Yen	Others	Total
	$'000	$'000	$'000
Group			
2018			
Financial assets:			
Cash and cash equivalents	136	78	214
Total financial assets	136	78	214
Financial liabilities:			
Trade and other payables	(15)	(383)	(398)
Total financial liabilities	(15)	(383)	(398)
Net financial assets (liabilities) at end of the year	121	(305)	(184)
2017			
Financial assets:			
Cash and cash equivalents	58	227	285
Total financial assets	58	227	285
Financial liabilities:			
Trade and other payables	(78)	(424)	(502)
Total financial liabilities	(78)	(424)	(502)
Net financial liabilities at end of the year	(20)	(197)	(217)

Sensitivity analysis: The effect on profit before tax is not significant.

33. COMPARATIVE FIGURES

The consolidated financial statements of the group for the reporting year ended 30 June 2017 has been prepared based on the pooling of interests method as if the group, who is ultimately controlled by a common shareholder both before and after the Restructuring Exercise.

The company's financial statements cover the reporting period since incorporation on 26 May 2017 to 30 June 2018. This being the first set of financial statements for the company, there are no comparative figures.

34. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealized Losses
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

35. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

Companies listed on the Singapore Exchange ("SGX") currently reporting under FRSs are required to comply with new financial reporting standards (issued by the Singapore Accounting Standards Council) that would be identical to the International Financial Reporting Standards for reporting years beginning on after 1 January 2018. The new framework is referred to as SFRS(I). Non-listed companies may elect to voluntarily apply SFRS(I). SFRS(I) 1 First-time Adoption of International Financial Reporting Standards will be adopted in the financial statements when it becomes mandatory as the company is listed on SGX. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) will have a material impact on the financial position and financial performance of the reporting entity.

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

35. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 January 2018
SFRS(I) 2	Amendments to, Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2018
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards will have on the entity's financial statements in the period of initial application except for:

SFRS(I) 16 Leases

SFRS(I) 16 Leases effective for annual periods beginning on or after 1 January 2019 replaces SFRS(I) 1-17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipates that SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the leases. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

SHAREHOLDERS' INFORMATION

As at 14 September 2018

Number of equity securities	:	354,000,000
Class of equity securities	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	62	7.57	51,400	0.02
1,001 – 10,000	415	50.67	2,095,100	0.59
10,001 – 1,000,000	330	40.29	20,359,100	5.75
1,000,001 AND ABOVE	12	1.47	331,494,400	93.64
TOTAL	**819**	**100.00**	**354,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HIROSHI TATARA	219,000,030	61.86
2	YEK HONG LIAT JOHN	75,000,000	21.19
3	ORCHID 2 INVESTMENTS PTE LTD	16,000,000	4.52
4	DBS NOMINEES (PRIVATE) LIMITED	3,994,400	1.13
5	BEN YEO CHEE SEONG	2,999,985	0.85
6	TEO ENG KIM	2,999,985	0.85
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,963,000	0.84
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	2,252,100	0.64
9	CHAN MEI LIN	1,750,000	0.49
10	PHILLIP SECURITIES PTE LTD	1,574,500	0.44
11	FOO KAH LEE	1,500,000	0.42
12	CITIBANK NOMINEES SINGAPORE PTE LTD	1,460,400	0.41
13	OCBC SECURITIES PRIVATE LIMITED	560,000	0.16
14	TAN CHOR KHOON	518,400	0.15
15	RAFFLES NOMINEES (PTE) LIMITED	505,500	0.14
16	OW CHEO GUAN	496,400	0.14
17	NG SENG LEE	457,500	0.13
18	SUM AH LAM	450,000	0.13
19	CHAN CHEE MENG	409,600	0.12
20	S NALLAKARUPPAN	375,700	0.11
	TOTAL	**335,267,500**	**94.72**

SHAREHOLDERS' INFORMATION

As at 14 September 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 14 September 2018)

	Direct Interest	%	Deemed Interest	%
Hiroshi Tatara	219,000,030	61.86	–	–
Yek Hong Liat John	75,000,000	21.19	–	–

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Approximately 16.1% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of RE&S Holdings Limited (the "**Company**") will be held at 32 Tai Seng Street, #07-01 RE&S Building, Singapore 533972 on 24 October 2018, Wednesday, at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial period ended 30 June 2018 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a first and final dividend (tax exempt one-tier) of 0.4 cent per ordinary share for the financial period ended 30 June 2018.

(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 103 of the Constitution of the Company:

Mr. Ben Yeo Chee Seong **(Resolution 3)**
Mr. Hiroshi Tatara **(Resolution 4)**
Mr. Yek Hong Liat John **(Resolution 5)**
Mr. Lee Lap Wah, George **(Resolution 6)**
Mr. Guok Chin Huat Samuel **(Resolution 7)**

- *Mr. Ben Yeo Chee Seong will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").*

- *Mr. Lee Lap Wah, George will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.*

- *Mr. Guok Chin Huat Samuel will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.*

4. To approve the payment of Directors' fees of S$125,500 for the financial period ended 30 June 2018.

(Resolution 8)

5. To approve the payment of Directors' fees of S$210,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears.

(Resolution 9)

6. To re-appoint RSM Chio Lim LLP as the Auditors of the Company and to authorize the Directors of the Company to fix their remuneration.

(Resolution 10)

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

8. **Authority to issue new shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Rules of SGX-ST, the Directors of the Company be authorized and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 11)**

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to issue shares under the RE&S Employee Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorized and empowered to offer and grant options under the prevailing RE&S Employee Share Option Scheme (the "**RE&S ESOS**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the RE&S ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the RE&S ESOS shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 12)**

By Order of the Board

Josephine Toh
Secretary

Singapore
9 October 2018

Explanatory Notes:

(i) The Ordinary Resolution 11 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holding) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or the vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 12 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Company's Share Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

RE&S HOLDINGS LIMITED

(Registration No. 201714588N)

(Incorporated In Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________ (Name) ____________ (NRIC/Passport No./Co Reg No.)

of ____ (Address)

being *a member/members of **RE&S HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

*and/or (delete as appropriate)

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on 24 October 2018 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Resolutions relating to:**	**For(1)**	**Against(1)**
1	Directors' Statement and Audited Financial Statements for the financial period ended 30 June 2018		
2	Declaration of first and final dividend		
3	Re-election of Mr. Ben Yeo Chee Seong as a Director		
4	Re-election of Mr. Hiroshi Tatara as a Director		
5	Re-election of Mr. Yek Hong Liat John as a Director		
6	Re-election of Mr. Lee Lap Wah, George as a Director		
7	Re-election of Mr. Guok Chin Huat Samuel as a Director		
8	Approval of Directors' fees amounting to S$125,500 for the financial period ended 30 June 2018		
9	Approval of Directors' fees amounting to S$210,000 for the financial year ending 30 June 2019, to be paid quarterly in arrears		
10	Re-appointment of RSM Chio Lim LLP		
11	Authority to issue new shares		
12	Authority to allot and issue shares under the RE&S Employee Share Option Scheme		

(1) If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______ day of ________________ 2018

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* *Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar's Office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under **the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 October 2018.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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CELEBRATING 30 周年 ANNIVERSARY

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(Company Registration Number: 201714588N)

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