



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

Unaudited Financial Statements

For the second quarter and half year ended 31 December 2018

RE&S Holdings Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 22 November 2017. The initial public offering of the Company (the “**IPO**”) was sponsored by DBS Bank Ltd. (the “**Sponsor**” or “**DBS Bank**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this announcement.

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Background

The Company was incorporated on 26 May 2017 in Singapore under the Singapore Companies Act as a company limited by shares under the name of “RE&S Enterprise Holdings Pte. Ltd.”. On 31 July 2017, the Company was renamed “RE&S Holdings Pte. Ltd.”. The Company was converted into a public limited company and renamed “RE&S Holdings Limited” on 8 November 2017.

The Group comprising the Company and its subsidiaries (the “**Group**”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of a corporate reorganisation implemented for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 15 November 2017 (“**Offer Document**”) for further details on the Restructuring Exercise.

The Group is a concept owner and operator of F&B Outlets that provides customers with authentic Japanese cuisine and dining experiences. The Group business is undertaken primarily through two business segments, namely the Full-Service Restaurants and the Quick-Service Restaurants, Convenience and Others.

For the purpose of this announcement, the results of the Group for the second quarter ended 31 December 2018 (“**2Q FY2019**”) with the comparative results of the Group for the second quarter ended 31 December 2017 (“**2Q FY2018**”) and the six-month period ended 31 December 2018 (“**1H FY2019**”) with the comparative results of the Group for the six-month period ended 31 December 2017 (“**1H FY2018**”) have been prepared on the assumption that the group structure following the completion of the Restructuring Exercise has been in place since 1 July 2017.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statements Of Profit Or Loss And Other Comprehensive Income

	Group			Group		
	Unaudited	Unaudited	Increase / (decrease)	Unaudited	Unaudited	Increase / (decrease)
	2Q FY2019 S\$'000	2Q FY2018 S\$'000	%	1H FY2019 S\$'000	1H FY2018 S\$'000	%
Revenue	36,637	36,961	(0.9%)	71,883	71,674	0.3%
Raw materials and consumables used	(10,746)	(10,568)	1.7%	(19,854)	(19,969)	(0.6%)
Changes in inventories of finished goods	713	653	9.2%	319	397	(19.6%)
Other operating income	1,000	114	777.2%	1,222	273	347.6%
Employee benefits expense	(12,288)	(12,432)	(1.2%)	(24,698)	(24,590)	0.4%
Operating lease expenses	(6,427)	(6,144)	4.6%	(12,931)	(12,259)	5.5%
Utilities expenses	(1,129)	(988)	14.3%	(2,219)	(2,000)	11.0%
Depreciation expense	(2,031)	(2,129)	(4.6%)	(4,214)	(4,216)	N.M.
Other operating expenses	(2,257)	(2,306)	(2.1%)	(4,588)	(4,523)	1.4%
Other expenses – Non-operating	(1,400)	(1,233)	13.5%	(1,725)	(1,868)	(7.7%)
Finance costs	(67)	(95)	(29.5%)	(139)	(191)	(27.2%)
Profit before income tax	2,005	1,833	9.4%	3,056	2,728	12.0%
Income tax expense	(558)	(746)	(25.2%)	(905)	(955)	(5.2%)
Profit net of income tax	1,447	1,087	33.1%	2,151	1,773	21.3%
<u>Other comprehensive income:</u>						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	4	(12)	(133.3%)	16	13	23.1%
Total comprehensive income	1,451	1,075		2,167	1,786	

N.M.: Not Meaningful

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

	Group			Group		
	Unaudited	Unaudited	Increase/ (decrease)	Unaudited	Unaudited	Increase/ (decrease)
	2Q FY2019	2Q FY2018		1H FY2019	1H FY2018	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Government grant	(8)	(67)	(88.0%)	(207)	(166)	24.7%
Other income - compensation received	(958)	-	N.M.	(958)	-	N.M.
Depreciation expense	2,031	2,129	(4.6%)	4,214	4,216	N.M.
Plant and equipment written off	965	6	15,983.3%	975	384	153.9%
Initial public offering expenses ("IPO")	-	1,005	N.M.	-	1,005	N.M.

N.M.: Not Meaningful

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

Consolidated Statements of Financial Position

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	36,697	39,937	-	-
Investment in subsidiaries	-	-	21,636	21,636
Other receivables, non-current	-	-	10,671	10,671
Other assets, non-current	4,741	3,980	-	-
Total non-current assets	41,438	43,917	32,307	32,307
Current assets				
Inventories	2,995	2,676	-	-
Trade and other receivables, current	1,657	1,503	1,460	5,363
Other assets, current	1,975	2,878	3	8
Cash and cash equivalents	16,096	13,525	1,985	221
Total current assets	22,723	20,582	3,448	5,592
Total assets	64,161	64,499	35,755	37,899
Equity and liabilities				
Share capital	32,307	32,307	32,307	32,307
Merger reserve ⁽¹⁾	(18,149)	(18,149)	-	-
Retained earnings	22,225	21,490	2,230	3,575
Foreign currency translation reserve	(32)	(48)	-	-
Total equity	36,351	35,600	34,537	35,882
Non-current liabilities				
Deferred tax liabilities	1,608	1,608	-	-
Provision, non-current	1,707	1,799	-	-
Other financial liabilities, non-current	10,629	10,971	-	-
Total non-current liabilities	13,944	14,378	-	-

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

Consolidated Statements of Financial Position (cont'd)

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities				
Income tax payable	1,706	1,734	24	5
Trade and other payables	11,368	10,951	1,194	2,012
Other financial liabilities, current	697	1,735	-	-
Other liabilities	95	101	-	-
Total current liabilities	13,866	14,521	1,218	2,017
Total liabilities	27,810	28,899	1,218	2,017
Total equity and liabilities	64,161	64,499	35,755	37,899

Note:

- (1) The negative merger reserve relates to the difference between the consideration paid by the Company and the equity of R E & S Enterprises Pte Ltd acquired in relation to the restructuring exercise undertaken in relation to the listing of the Company on the Catalist Board of the SGX-ST ("**Restructuring Exercise**"). The acquisition of R E & S Enterprises Pte Ltd by the Company was completed on 26 October 2017.

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

	Group		Group	
	Unaudited		Audited	
	31.12.2018		30.06.2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
(A) Amount repayable in one year or less, or on demand;	697	-	1,735	-
(B) Amount repayable after one year	10,629	-	10,971	-
	<u>11,326</u>	<u>-</u>	<u>12,706</u>	<u>-</u>

Details of any collaterals:

The banking facilities of the Group as at 31 December 2018 comprise short term and long term loans. These facilities are secured by:

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

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

Consolidated Statement of Cash Flows

	Group		Group	
	Unaudited 2Q FY2019 S\$'000	Unaudited 2Q FY2018 S\$'000	Unaudited 1H FY2019 S\$'000	Unaudited 1H FY2018 S\$'000
Cash flows from operating activities:				
Profit before tax	2,005	1,833	3,056	2,728
Adjustments for:				
Interest income	(10)	(8)	(17)	(12)
IPO expense	-	1,005	-	1,005
Interest expense	67	95	139	191
Plant and equipment written off	965	6	975	384
Depreciation of property, plant and equipment	2,031	2,129	4,214	4,216
Loss on disposal of plant and equipment	(0)*	-	(0)*	-
Net effect of exchange rate changes in consolidating foreign operations	11	(15)	23	14
Operating cash flows before changes in working capital	5,069	5,045	8,390	8,526
Inventories	(713)	(402)	(319)	(145)
Trade and other receivables, current	458	(715)	(154)	(1,314)
Reinstatement cost utilised	(92)	(10)	(92)	(94)
Trade and other payables, current	(1,904)	(1,237)	417	(1,018)
Other assets, current	532	292	903	746
Other liabilities	(3)	(3)	(6)	(7)
Net cash flows from operations	3,347	2,970	9,139	6,694
Income tax paid	(512)	(757)	(933)	(740)
Net cash flows from operating activities	2,835	2,213	8,206	5,954
Cash flows from investing activities:				
Purchase of plant and equipment	(506)	(1,418)	(1,956)	(4,484)
Disposal of plant and equipment	-	-	-	364
Other assets, non-current	(78)	207	(761)	(14)
Acquisition of non-controlling interest	-	-	-	0*
Interest received	10	8	17	12
Net cash flows used in investing activities	(574)	(1,203)	(2,700)	(4,122)
Cash flows from financing activities:				
Decrease in other financial liabilities	(171)	(983)	(1,380)	(1,971)
IPO expense paid	-	(1,527)	-	(1,527)
Gross proceeds from issuance of new shares pursuant to IPO	-	11,880	-	11,880
Dividend paid	(1,416)	(4,000)	(1,416)	(4,000)
Interest paid	(67)	(95)	(139)	(191)
Net cash flows (used in) from financing activities	(1,654)	5,275	(2,935)	4,191
Net increase in cash and cash equivalents	607	6,285	2,571	6,023
Cash and cash equivalents at beginning of year	13,829	3,736	11,865	3,998
Cash and cash equivalents at end of year	14,436	10,021	14,436	10,021

* - Less than S\$1,000

Notes to Statement of Cash Flows:

Cash and cash equivalents in the statement of financial position	16,096	10,183	16,096	10,183
Cash restriction in use over 3 months	(1,660)	(162)	(1,660)	(162)
Cash and cash equivalents as shown above	14,436	10,021	14,436	10,021

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

	Share capital S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Group (Unaudited)					
Balance as at 1 July 2018	32,307	(18,149)	(48)	21,490	35,600
Total comprehensive income for the period	-	-	12	704	716
Balance as at 30 September 2018	32,307	(18,149)	(36)	22,194	36,316
Total comprehensive income for the period	-	-	4	1,447	1,451
Dividends paid	-	-	-	(1,416)	(1,416)
Balance as at 31 December 2018	<u>32,307</u>	<u>(18,149)</u>	<u>(32)</u>	<u>22,225</u>	<u>36,351</u>

	Share capital S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Group (Unaudited)					
Balance as at 1 July 2017	2,800	-	(27)	21,922	24,695
Total comprehensive income for the period	-	-	25	686	711
Balance as at 30 September 2017	2,800	-	(2)	22,608	25,406
Total comprehensive income for the period	-	-	(13)	1,087	1,074
Issuance of shares pursuant to the acquisition of subsidiary as part of the restructuring exercise	20,949	-	-	-	20,949
Share swap pursuant to the restructuring exercise	(2,800)	(18,149)	-	-	(20,949)
Issuance of new shares pursuant to IPO	11,880	-	-	-	11,880
Capitalisation of IPO expenses	(522)	-	-	-	(522)
Dividends paid	-	-	-	(4,000)	(4,000)
Balance as at 31 December 2017	<u>32,307</u>	<u>(18,149)</u>	<u>(15)</u>	<u>19,695</u>	<u>33,838</u>

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity (cont'd)

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>Company (Unaudited)</u>			
Balance as at 1 July 2018	32,307	3,575	35,882
Total comprehensive income for the period	-	32	32
Balance as at 30 September 2018	32,307	3,607	35,914
Total comprehensive income for the period	-	39	39
Dividends paid	-	(1,416)	(1,416)
Balance as at 31 December 2018	<u>32,307</u>	<u>2,230</u>	<u>34,537</u>

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>Company (Audited)</u>			
Balance as at 1 July 2017	0*	-	0*
Total comprehensive income for the period	-	-	-
Balance as at 30 September 2017	0*	-	0*
Total comprehensive income for the period	-	(270)	(270)
Issuance of shares pursuant to the acquisition of subsidiary as part of the restructuring exercise	20,949	-	20,949
Issuance of new shares pursuant to IPO	11,880	-	11,880
Capitalisation of IPO expenses	(522)	-	(522)
Balance as at 31 December 2017	<u>32,307</u>	<u>(270)</u>	<u>32,037</u>

* - Less than S\$1,000

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

There has been no change in the Company's issued share capital since 30 September 2018.

The Company has no treasury shares or convertible instruments as at 31 December 2018 and as at 31 December 2017.

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

	Unaudited	Audited
	31.12.2018	30.06.2018
Total number of issued shares	354,000,000	354,000,000

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company did not have any treasury shares during, and at the end of, the financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company did not have any subsidiary holdings during, and at the end of, the financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

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

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

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

Same as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 30 June 2018.

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

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards International ("SFRS(I)") and the related Interpretations ("SFRS(I)INT") that are mandatory for the accounting periods beginning on or after 1 July 2018. The adoption of these new and revised SFRS(I) and SFRS(I)INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	Unaudited 2Q FY2019	Unaudited 2Q FY2018	Unaudited 1H FY2019	Unaudited 1H FY2018
<u>Earnings per share ("EPS")</u>				
Profit attributable to owners of the Company (S\$'000)	1,447	1,087	2,151	1,773
(i) Based on weighted average number of ordinary shares in issue ('000)	354,000	354,000	354,000	354,000 ⁽¹⁾
(ii) On a basic and diluted basis (Singapore cents per share)	0.41	0.31	0.61	0.50

Note:-

(1) For comparatives purposes, the EPS for the respective financial periods have been computed based on the profit attributable to owners of the Company and share capital of 354,000,000 shares assuming that the Restructuring Exercise and the issuance of 54,000,000 new shares pursuant to the IPO had been completed as at 1 July 2017.

The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 December 2018 and 31 December 2017.

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

	Group		Company	
	31.12.2018	30.06.2018	31.12.2018	30.06.2018
Net asset value (" NAV ") (S\$'000)	36,351	35,600	34,537	35,882
Number of ordinary shares in issue ('000)	354,000	354,000	354,000	354,000
Net asset value per ordinary share (Singapore cents per share)	10.27	10.06	9.76	10.14

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

Consolidated Statement of Comprehensive Income
2Q FY2019 compared to 2Q FY2018

	Group Unaudited		Increase/ (decrease) %	Group Unaudited		Increase/ (decrease) %
	2Q	2Q		1H	1H	
	FY2019 S\$'000	FY2018 S\$'000		FY2019 S\$'000	FY2018 S\$'000	
Full-Service Restaurants	26,130	26,404	(1.0%)	51,219	51,372	(0.3%)
Quick-Service Restaurants, Convenience and Others	10,507	10,557	(0.5%)	20,664	20,302	1.8%
	<u>36,637</u>	<u>36,961</u>		<u>71,883</u>	<u>71,674</u>	

Revenue

The Group's revenue fell slightly by 0.9%, or approximately S\$0.3 million, from S\$37.0 million in 2Q FY2018 to S\$36.6 million in 2Q FY2019.

The decrease in revenue was largely attributable to the closure of two Full-Service Restaurants at Great World City as a result of major enhancement works of the mall in 2Q FY2019.

For Quick-Service Restaurants, Convenience and Others segments, the revenue for 2Q FY2019 remained stable at approximately S\$10.5 million compared to 2Q FY2018, mainly due to closure of an outlet at Great World City which was offset by the revenue of a newly opened Kuriya Japanese Market outlet in 2Q FY2019.

Raw materials and consumables used

The raw materials and consumables used (taking into account the changes in closing inventories) as a percentage of revenue, increased from 26.8% in 2Q FY2018 to 27.4% in 2Q FY2019, largely attributable to an increase in average salmon prices.

Other operating income

Other operating income increased significantly from S\$0.1 million in 2Q FY2018 to S\$1.0 million in 2Q FY2019. This was due to the compensation received from landlord for the plant and equipment written off for three outlets at Great World City in relation to major enhancement works of the mall. The compensation received amounted to approximately S\$1.0 million.

Utilities expense

Utilities expenses increased by 14.3%, or approximately S\$0.1 million, from S\$1.0 million in 2Q FY2018 to S\$1.1 million in 2Q FY2019. This was mainly due to (i) tariff hikes in utilities; and (ii) the opening of new outlets.

Other expenses – Non-operating

Other non-operating expenses increased by 13.5%, from S\$1.2 million in 2Q FY2018 to S\$1.4 million in 2Q FY2019. This was mainly due to (i) an increase in consultancy fee for improving operational efficiency of S\$0.2 million; and (ii) increase in plant and equipment written off of S\$1.0 million; partially offset by one-off IPO expenses incurred in 2Q FY2018 of S\$1.0 million.

Finance costs

Finance costs remained constant at approximately S\$0.1 million for 2Q FY2019 and 2Q FY2018.

Profit before tax

Profit before tax increased by 9.4% or approximately S\$0.2 million, from S\$1.8 million in 2Q FY2018 to S\$2.0 million in 2Q FY2019.

Consolidated Statement of Comprehensive Income (cont'd)
2Q FY2019 compared to 2Q FY2018 (cont'd)

Income tax expense

Income tax expense decreased by 25.2%, or approximately S\$0.2 million, from S\$0.7 million in 2Q FY2018 to S\$0.6 million in 2Q FY2019. This was mainly due to non-tax deductibility of listing expenses incurred in 2Q FY2018.

Profit net of income tax

As a result of the foregoing, the Group recorded a profit net of income tax of S\$1.4 million in 2Q FY2019, representing an increase of 33.1%, or approximately S\$0.4 million compared to S\$1.1 million in 2Q FY2018.

1H FY2019 compared to 1H FY2018

Revenue

The Group's revenue increased by 0.3% or approximately S\$0.2 million, from S\$71.7million in 1H FY2018 to S\$71.9 million in 1H FY2019.

Revenue from Full Service Restaurants segment declined marginally by 0.3% or S\$0.2 million mainly attributable to the closure of two outlets located at Great World City as impacted by the major enhancement works in the mall.

Revenue from Quick-Service Restaurants, Convenience and Others segment grew by 1.8% from S\$20.3 million in 1H FY2018 to S\$20.7 million in 1H FY2019 mainly due to (i) contribution by the Group's concepts of Japanese food alley and Ichiban Bento; and (ii) a newly opened Kuriya Japanese Market outlet. These were partially offset by the closure of an outlet at Great World City in 2Q FY2019.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) remained constant at approximately S\$19.5 million, which represents 27.2% and 27.3% of total revenue for 1H FY2019 and 1H FY2018 respectively.

Other operating income

Other operating income increased significantly from S\$0.3 million in 1H FY2018 to S\$1.2 million in 1H FY2019. This was due to the compensation received from landlord for the plant and equipment written off for three outlets at Great World City in relation to major enhancement works of the mall. The compensation received amounted to approximately S\$1.0 million.

Operating lease expense

Operating lease expenses increased by 5.5%, or approximately S\$0.7 million, from S\$12.3 million in 1H FY2018 to S\$12.9 million in 1H FY2019, mainly attributable to operating lease expenses incurred for newly opened outlets in 2H FY2018.

Utilities expenses

Utilities expenses increased by 11.0%, or approximately S\$0.2 million, from S\$2.0 million in 1H FY2018 to S\$2.2 million in 1H FY2019. This was mainly due to (i) tariff hikes in utilities; and (ii) the opening of new outlets.

Other expenses – Non-operating

Other non-operating expenses decreased by 7.7%, or approximately S\$0.2 million, from S\$1.9 million in 1H FY2018 to S\$1.7 million in 1H FY2019. The decrease was mainly attributed to one-off IPO expenses of S\$1.0m incurred in 1H FY2018; partially offset by an increase in (i) plant and equipment written off of S\$0.6 million; and (ii) professional fee of S\$0.2m in 1H FY2019.

Finance costs

Finance costs fell slightly from S\$0.2 million in 1H FY2018 to S\$0.1 million in 1H FY2019, mainly due to repayment of a term loan in 1Q FY2019.

Profit before tax

Profit before tax increased by 12.0%, or approximately S\$0.3 million, from S\$2.7 million in 1H FY2018 to S\$3.1 million in 1H FY2019.

Income tax expense

Income tax expense decreased by 5.2% or approximately S\$0.1 million, mainly due to non-tax deductibility of listing expenses incurred in 1H FY2018.

Profit net of income tax

As a result of the foregoing, our profit net of income tax increased by 21.3% or approximately S\$0.4 million, from S\$1.8 million in 1H FY2018 to S\$2.2 million in 1H FY2019.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2018 and 30 June 2018.

Non-current assets

The Group's non-current assets decreased by S\$2.5 million from S\$43.9 million as at 30 June 2018 to S\$41.4 million as at 31 December 2018 mainly due to a decrease in property, plant and equipment of S\$3.2 million, partially offset by an increase in the other assets, non-current of S\$0.7 million.

The decrease in property, plant and equipment was mainly due to the write off of renovation and fixtures for the closed outlets at Great World City in 2Q FY2019 and monthly depreciation, partially offset by acquisitions of new assets. Other assets, non-current increased by S\$0.7 million mainly due to refundable rental deposits placed with the lessors.

Current assets

The Group's current assets increased by S\$2.1 million from S\$20.6 million as at 30 June 2018 to S\$22.7 million as at 31 December 2018. This was mainly due to (i) an increase in cash and cash equivalents of S\$2.6 million; (ii) increase in inventories of S\$0.3 million; (iii) increase in trade and other receivables, current of S\$0.2 million partially offset by (iv) a decrease in the other assets, current of S\$0.9 million.

The increase in cash and cash equivalents was mainly due to (i) the compensation received from the landlord in relation to the major enhancement works of Great World City, (ii) refund of rental deposits amounting to S\$0.4 million being replaced with bankers' guarantee; and (iii) receipt of \$0.1 million government grant for a job redesign initiative. The increase in inventories was mainly due to an increased purchase of raw materials and the increase in trade and other receivables, current was in line with the increase in revenue. Decrease in other assets, current was mainly attributable to the renewal of existing leases for more than a year.

Non-Current Liabilities

The Group's non-current liabilities decreased by S\$0.4 million from S\$14.4 million as at 30 June 2018 to S\$13.9 million as at 31 December 2018 mainly due to the repayment of bank borrowings and the reversal of the reinstatement provision for the closed outlets at Great World City in 2Q FY2019.

Current Liabilities

The Group's current liabilities decreased by S\$0.7 million from S\$14.5 million as at 30 June 2018 to S\$13.9 million as at 31 December 2018. This was attributable to (i) a decrease in financial liabilities of \$1.0 million due to the repayment of term loans; partially offset by (ii) an increase in other payable of S\$0.4 million mainly due to the compensation received in advance from the landlord for the upcoming closure of outlets at Great World City in 4Q FY2019 in conjunction with their major enhancement works.

Consolidated Statements of Cash Flows

The Group's net cash generated from operating activities was S\$2.8 million in 2Q FY2019, mainly due to operating cash flows before changes in the working capital of S\$5.1 million, partially offset by net working capital outflows of S\$1.7 million and income taxes paid of S\$0.5 million. The net working capital outflows were due to (i) a decrease in trade and other receivables, current of S\$0.5 million; (ii) a decrease in other assets, current of \$0.5 million; (iii) a decrease in trade payables of S\$1.9 million and (iv) an increase in inventories of S\$0.7 million.

The Group's net cash flows used in investing activities during 2Q FY2019 amounted to S\$0.6 million, mainly attributable to (i) the renovation of existing outlets and the purchase of plant and equipment amounting to S\$0.5 million, and (ii) an increase in other assets, non-current of S\$0.1 million. The increase was mainly due to the rental deposit paid to secure new sites for the upcoming outlets.

The Group's net cash used in financing activities was S\$1.7 million during 2Q FY2019, mainly due to (i) final dividends for FY2018 of \$1.4 million paid to the shareholders; (ii) repayment of bank borrowing of S\$0.2 million; and (iii) interest of S\$0.1 million paid to the bank.

As a result, cash and cash equivalents increased by \$0.6 million in 2Q FY2019.

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

Not applicable as no specific forecast or a prospect statement has been issued previously.

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

The challenges in the F&B industry are expected to persist, given weaker consumer sentiments, intensifying competition, and rising costs. Nonetheless, the Group remains committed in growing its businesses through selective stores opening and constant reinvigoration of its brands. Specifically, for the immediate term, the Group's focus shall be on growing its share of contribution from the QSR segment. Beyond the retail scene in Singapore and Malaysia, strategic partnerships or joint ventures will also be explored when opportunities arise.

Great World City ("GWC")

In connection with major enhancement works carried out at GWC, the Group expects a further closure of two additional outlets in Q4 FY2019. Support has already been received from the landlord in relation to the fixed assets to be written off for these affected outlets. Management expects the loss in revenue resulting from these interim closures to be mitigated by new outlets opened.

Going forward, the Group has committed to re-open new outlets at GWC in early 2020 upon the mall's projected completion of enhancement works. Together with the new and improved facilities, the target opening of the Great World MRT Station is expected to add vibrancy to the mall.

11. Dividend

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

None.

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

None.

(c) The date the dividend is payable.

Not applicable.

(d) Books closure date.

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 31 December 2018. For prudence reason, the Board will review the dividend pay-out after the close of financial year.

13. If the Group has obtained mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPT.

14. Utilisation of Proceeds from the IPO

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

Use of proceeds from the Invitation	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Business expansion, through establishment of new F&B Outlets and/or suitable acquisitions, joint ventures or strategic alliances	7,000	3,888	3,112
Refurbishment and improvement of our existing F&B Outlets	2,000	1,253	747
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	8,021	3,859

Note:

The amount deployed for general working capital is for rental expenses.

The above utilisation is in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document dated 15 November 2017.

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

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

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for Q2 FY2019 and 1H FY2019 to be false or misleading in any material aspect.

Yek Hong Liat John
Executive Director and CEO

Hiroshi Tatara
Executive Director and President

By Order of the Board

Yek Hong Liat John
Executive Director and CEO
Date :

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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