

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group	
	Q1'18	Q1'17
	S\$'000	S\$'000
Revenue	106,958	95,338
Sub-contractor expenses	(70,528)	(62,601)
Gross profit	36,430	32,737
Other income	6,598	4,622
Selling, general, administrative and other expenses:		
Other employee benefit expenses	(18,760)	(16,798)
Facilities and depreciation expenses	(2,629)	(2,753)
Selling expenses	(833)	(874)
Other expenses	(668)	(1,296)
Profit before income tax	20,138	15,638
Income tax expense	(2,876)	(2,704)
Profit for the period	17,262	12,934
Other comprehensive income (loss):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	230	(119)
Other comprehensive income (loss) for the period, net of tax	230	(119)
Total comprehensive income for the period	17,492	12,815
Profit attributable to:		
Owners of the Company ("PATMI")	16,294	11,157
Non-controlling interests	968	1,777
	17,262	12,934
Total comprehensive income attributable to:		
Owners of the Company	16,467	11,027
Non-controlling interests	1,025	1,788
	17,492	12,815

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

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

	Q1'18	Q1'17
	S\$'000	S\$'000
Government subsidies (WCS, SEC, TEC only) ⁽¹⁾	5,014	4,467
IPO expenses	-	(943)

Note:

⁽¹⁾ WCS refers to Wage Credit Scheme; SEC refers to Special Employment Credit; and TEC refers to Temporary Employment Credit.

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Mar-18	31-Dec-17 (Restated)	31-Mar-18	31-Dec-17
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	292,081	289,090	170,250	180,252
Trade receivables	77,934	74,556	-	-
Other receivables and prepayments	4,889	3,992	56,716	51,258
Marketable securities	13,995	5,546	13,967	5,512
Total current assets	388,899	373,184	240,933	237,022
Non-current assets				
Pledged deposits	726	727	-	-
Plant and equipment	823	792	-	-
Intangible assets	199	222	-	-
Goodwill	356	-	-	-
Subsidiaries	-	-	48,427	48,427
Unquoted equity investments	500	-	-	-
Deferred tax assets	706	542	-	-
Total non-current assets	3,310	2,283	48,427	48,427
Total assets	392,209	375,467	289,360	285,449
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	6,191	6,152	-	-
Other payables and accruals	36,861	39,783	2,249	399
Income tax payable	10,385	8,763	243	181
Total current liabilities	53,437	54,698	2,492	580
Non-current liability				
Other payables	88	-	-	-
Capital and reserves				
Share capital	260,605	260,605	260,605	260,605
Equity reserve	(47,534)	(47,534)	(437)	(437)
Share-based payment reserve	2,083	1,437	2,083	1,437
Translation reserve	130	(43)	-	-
Retained earnings	114,319	98,025	24,617	23,264
Equity attributable to owners of the Company	329,603	312,490	286,868	284,869
Non-controlling interests	9,081	8,279	-	-
Total equity	338,684	320,769	286,868	284,869
Total liabilities and equity	392,209	375,467	289,360	285,449

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Q1'18 S\$'000	Q1'17 S\$'000
<u>Operating activities</u>		
Profit before income tax	20,138	15,638
Adjustments for:		
Depreciation of plant and equipment	174	165
Amortisation of intangibles assets	22	34
Interest income	(681)	(114)
Dividend income	(46)	-
Share-based payment expenses	646	-
Gain on disposal of marketable securities	-	(30)
(Gain) Loss on revaluation of marketable securities	(816)	47
Allowance for doubtful receivables	13	18
Operating cash flows before movements in working capital	19,450	15,758
Trade receivables	(3,391)	2,049
Other receivables and prepayments	(503)	(194)
Trade payables	39	(202)
Other payables and accruals	(1,530)	(2,291)
Cash generated from operations	14,065	15,120
Interest received	287	114
Income tax paid	(1,428)	(5,223)
Net cash from operating activities	12,924	10,011
<u>Investing activities</u>		
Dividends received	46	-
Purchase of plant and equipment and intangible assets	(208)	(276)
Purchase of unquoted equity investments	(500)	-
Purchase of marketable securities	(7,633)	-
Proceeds from disposal of marketable securities	-	508
Net cash (used in) from investing activities	(8,295)	232
<u>Financing activities</u>		
Dividends paid to non-controlling shareholders	(1,186)	(897)
Dividends paid	(194)	(14,593)
Placement of pledged deposits	-	(414)
Net cash used in financing activities	(1,380)	(15,904)
Net increase (decrease) in cash and cash equivalents	3,249	(5,661)
Cash and cash equivalents at beginning of the period	289,090	106,092
Effect of foreign exchange rate changes	(258)	(209)
Cash and cash equivalents at end of the period	292,081	100,222

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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

STATEMENTS OF CHANGES IN EQUITY FOR THE GROUP

	Share capital	Equity reserve	Share-based payment reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2018, as previously reported	260,605	(47,534)	1,437	(2,341)	100,323	312,490	8,279	320,769
Effect of transition to SFRS(I)	-	-	-	2,298	(2,298)	-	-	-
Balance as at 1 January 2018, as adjusted under SFRS(I)	260,605	(47,534)	1,437	(43)	98,025	312,490	8,279	320,769
<u>Total comprehensive income for the period</u>								
Profit for the period	-	-	-	-	16,294	16,294	968	17,262
Other comprehensive income for the period	-	-	-	173	-	173	57	230
<u>Transactions with owners, recognised directly in equity</u>								
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(223)	(223)
Recognition of share-based payment	-	-	646	-	-	646	-	646
Balance as at 31 March 2018	260,605	(47,534)	2,083	130	114,319	329,603	9,081	338,684

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	Share capital	Equity reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2017, as previously reported	48,524	(25,476)	(2,298)	63,151	83,901	13,304	97,205
Effect of transition to SFRS(I)	-	-	2,298	(2,298)	-	-	-
Balance as at 1 January 2017, as adjusted under SFRS(I)	48,524	(25,476)	-	60,853	83,901	13,304	97,205
<u>Total comprehensive income for the period</u>							
Profit for the period	-	-	-	11,157	11,157	1,777	12,934
Other comprehensive income for the period	-	-	(130)	-	(130)	11	(119)
<u>Transactions with owners, recognised directly in equity</u>							
Dividends	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(420)	(420)
Balance as at 31 March 2017, as restated	48,524	(25,476)	(130)	68,271	91,189	14,672	105,861

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STATEMENTS OF CHANGES IN EQUITY FOR THE COMPANY

	Share capital	Equity reserve	Share-based payment reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2018	260,605	(437)	1,437	23,264	284,869
<u>Total Comprehensive Income</u>					
Profit for the period	-	-	-	1,353	1,353
<u>Transactions with owners, recorded directly in equity</u>					
Recognition of share-based payment	-	-	646	-	646
Balance as at 31 March 2018	260,605	(437)	2,083	24,617	286,868

	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2017	48,524	(2)	48,522
<u>Total Comprehensive Income</u>			
Profit for the period	-	3,754	3,754
<u>Transactions with owners, recorded directly in equity</u>			
Dividends	-	(3,739)	(3,739)
Balance as at 31 March 2017	48,524	13	48,537

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

<u>Issued and Fully paid-up Share Capital</u>	<u>Number of shares</u>	<u>Share Capital</u> (S\$'000)
As at 31 March 2018 and 31 December 2017	1,011,406,872	260,605

Save as disclosed, the Company did not have any outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 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.

The total number of issued ordinary shares as at 31 March 2018 and 31 December 2017 was 1,011,406,872. There are no treasury shares as at 31 March 2018 and 31 December 2017.

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 treasury shares during and as at the end of the current 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 sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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

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

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

Not applicable.

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

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2017, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which becomes effective from annual periods beginning on or after 1 January 2018.

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

The Group has adopted the new SFRS (I) framework in 2018 and concurrently applied the following SFRS (I), INT SFRS (I) and requirements of SFRS (I) which are mandatorily effective on or after 1 January 2018. The application of the new and revised standards and interpretations has no material effect on the financial statements, except as described below:

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

Translation reserve:

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

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

	Group	
	Q1'18	Q1'17
PATMI (S\$'000)	16,294	11,157
Number of shares ⁽¹⁾ ('000)		
- Basic	1,011,407	1,011,407
- Diluted	1,017,647	1,017,647
Earnings per share ("EPS") (cents)		
- Basic	1.61	1.10
- Diluted	1.60	1.10

Note:

⁽¹⁾ For comparative purposes, the calculation of basic and diluted EPS are based on the number of ordinary shares of 1,011,406,872 shares and 1,017,646,972 shares respectively.

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-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
Net asset value (S\$'000)	329,603	312,490	286,868	284,869
Number of ordinary shares ('000)	1,011,407	1,011,407	1,011,407	1,011,407
Net asset value per share (cents)	32.59	30.90	28.36	28.17

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

REVIEW OF GROUP'S PERFORMANCE

Net profit after tax ("NPAT") increased by 33.5% (S\$4.3m) arising from growth in:

- a. Revenue by 12.2% (S\$11.6m) and gross profit by 11.3% (S\$3.7m):
 - i. Flexible staffing:
Continued business momentum, particularly in Singapore. Revenue grew by 12.8% (S\$9.5m) and gross profit by 15.1% (S\$1.7m).
 - ii. Professional recruitment:
Stellar performance in North Asia, particularly Hong Kong and Mainland China. Revenue grew by 9.9% (S\$2.1m) and gross profit by 9.8% (S\$2.0m).
- b. Other income by S\$2.0m mainly due to S\$0.8m gain on revaluation of marketable securities, S\$0.6m increase in interest income and S\$0.5m increase in Singapore government subsidies received.

Offset by other employee benefit expenses that rose by 11.7% (S\$2.0m) mainly due to S\$1.2m increase in profit-sharing incentives and bonuses that was in tandem with the increase in pre-tax profits, and S\$0.6m in share-based payment expenses arising from the 123GROW Plan implemented in June 2017.

REVIEW OF GROUP'S FINANCIAL POSITION

The Group's current assets increased S\$15.7m from S\$373.2m to S\$388.9m, mainly due to:

- a. a net increase in cash and cash equivalents amounting to S\$3.0m which was a consequence of S\$12.9m cash generated from operating activities, S\$8.1m deployed in investing activities (mainly in the purchase of quoted marketable securities), and S\$1.4m dividends paid out mainly to non-controlling shareholders;
- b. increase in trade receivables amounting to S\$3.4m;
- c. increase in other receivable and prepayments amounting to S\$0.9m; and
- d. increase in marketable securities amounting to S\$8.4m.

The Group's liabilities decreased by S\$1.3m from S\$54.7m to S\$53.4m mainly due to:

- a. the reduction of other payables and accruals by S\$2.9m mainly due to the return of restricted cash to a client for outsourced payroll services; offset by
- b. the increase in income tax payable by S\$1.6m.

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

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

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

- a. PATMI grew by 46.0% (S\$5.1m) to S\$16.3m as a result of the implementation of 88GLOW Plan in June 2017 which saw the acquisition of certain Co-Owners' stakes. PATMI expressed as percentage of NPAT increased from 86.3% to 94.4%. Effect of the 88GLOW Plan on PATMI will take full-year effect for 2018 as compared to that of only the second half for 2017.
- b. All our 10 cities of operation are profitable. RecruitFirst Hong Kong, which was commenced business in January 2017, has turned profitable. We expect PT HRnet Rimbun to commence operations as our new joint venture in Jakarta as soon as the licence applications are approved. We continue to discover M&A opportunities for synergistic business expansion and potential opportunistic investments for value accretion.
- c. We achieved a record Productive Headcount ("PHC") rate of 70% amongst our sales employees, representing a strong increase from 64% for the same time in 2017. This strong base of PHC is testimony of the effectiveness of the 123GROW Plan which saw retention of 86% of participants out of which 94% were productive for Q1 2018.
- d. We received Singapore government subsidies amounting to S\$5.0m in Q1 2018 compared to S\$4.5m in Q1 2017. In February 2018, the Singapore government announced that the 20% co-funding rate for the WCS subsidies receivable in 2018 and 2019 will be the same as that received in 2017. As WCS is the largest component of the government subsidies, this lends strong certainty in the amount of subsidies we will receive.

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11. Dividend

a. Any dividend declared for the current financial period reported on?

Nil.

b. Corresponding period of the immediately preceding financial year?

None that was not previously reported in the Prospectus.

c. The date the dividend is payable.

Not applicable.

d. The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

Not applicable.

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

The Group has not obtained a general mandate from shareholders for interested persons transactions.

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

The Board of Directors hereby confirms, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for period ended 31 March 2018 to be false or misleading in any material aspect.

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

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

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By order of the Board

Sim Yong Siang
Founding Chairman
9 May 2018

Adeline Sim Wei Ling
Executive Director
9 May 2018

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