

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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			
	2018	2017	Change	
	S\$'000	S\$'000	S\$'000	%
Revenue	428,490	391,916	36,574	9.3
Sub-contractor expenses	(273,193)	(255,914)	(17,279)	6.8
Gross profit ("GP")	155,297	136,002	19,295	14.2
Other income	6,787	8,985	(2,198)	(24.5)
Selling, general, administrative and other expenses ("SG&A"):				
Other employee benefit expenses	(76,861)	(67,351)	(9,510)	14.1
Facilities and depreciation expenses	(11,107)	(10,707)	(400)	3.7
Selling expenses	(5,599)	(3,982)	(1,617)	40.6
Other expenses	(3,350)	(6,033)	2,683	(44.5)
	(96,917)	(88,073)	(8,844)	10.0
Profit before income tax	65,167	56,914	8,253	14.5
Income tax expense	(12,745)	(10,467)	(2,278)	21.8
Profit for the year ("NPAT")	52,422	46,447	5,975	12.9
Other comprehensive income (loss) :				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	63	(105)	168	(160.0)
Other comprehensive income (loss) for the year, net of tax	63	(105)	168	(160.0)
Total comprehensive income for the year	52,485	46,342	6,143	13.3
Profit attributable to:				
Owners of the Company ("PATMI")	48,178	41,332	6,846	16.6
Non-controlling interests	4,244	5,115	(871)	(17.0)
	52,422	46,447	5,975	12.9
Total comprehensive income attributable to:				
Owners of the Company	48,324	41,277	7,047	17.1
Non-controlling interests	4,161	5,065	(904)	(17.8)
	52,485	46,342	6,143	13.3

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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:

	2018 S\$'000	2017 S\$'000
Government subsidies (WCS, SEC, TEC only) ⁽¹⁾	5,645	6,013
Interest income	3,458	1,564
Gain on disposal of investments in financial assets	1,040	30
Fair value gain on financial assets designated at FVTPL ⁽²⁾	898	-
Depreciation and amortisation	(982)	(822)
Allowance for doubtful debts	(1,544)	(88)
Share-based payment expense	(2,430)	(1,437)
Net fair value (loss) gain on financial assets mandatorily designated at FVTPL ⁽²⁾	(4,783)	1,039
IPO expenses	-	(3,633)

Note:

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

⁽²⁾ FVTPL refers to fair value through profit or loss.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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-Dec-18	31-Dec-17 (Restated)	31-Dec-18	31-Dec-17
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	281,810	289,090	136,237	180,252
Trade receivables	81,266	74,556	-	-
Other receivables and prepayments	5,896	3,992	73,564	51,258
Investments in financial assets	16,078	5,546	16,050	5,512
Total current assets	385,050	373,184	225,851	237,022
Non-current assets				
Pledged deposits	841	727	-	-
Plant and equipment	1,559	792	-	-
Intangible assets	2,461	222	-	-
Goodwill	12,298	-	-	-
Subsidiaries	-	-	48,427	48,427
Investments in financial assets	12,197	-	11,697	-
Deferred tax assets	905	542	-	-
Total non-current assets	30,261	2,283	60,124	48,427
Total assets	415,311	375,467	285,975	285,449
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	6,486	6,152	-	-
Other payables and accruals	39,296	39,783	235	399
Deferred considerations	4,806	-	-	-
Income tax payable	10,703	8,763	317	181
Total current liabilities	61,291	54,698	552	580
Non-current liabilities				
Deferred tax liability	581	-	-	-
Deferred considerations	8,615	-	-	-
Total non-current liabilities	9,196	-	-	-
Capital and reserves				
Share capital	260,605	260,605	260,605	260,605
Treasury shares	(4,903)	-	(4,903)	-
Equity reserve	(47,563)	(47,534)	(437)	(437)
Share-based payments reserve	2,137	1,437	2,137	1,437
Translation reserve	103	(43)	-	-
Retained earnings	122,981	98,025	28,021	23,264
Equity attributable to owners of the Company	333,360	312,490	285,423	284,869
Non-controlling interests	11,464	8,279	-	-
Total equity	344,824	320,769	285,423	284,869
Total liabilities and equity	415,311	375,467	285,975	285,449

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 December 2018 and 31 December 2017.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

- 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

	2018 S\$'000	2017 S\$'000
Operating activities		
Profit before income tax	65,167	56,914
Adjustments for:		
Depreciation of plant and equipment	889	721
Amortisation of intangibles assets	93	101
Interest income	(3,458)	(1,564)
Dividend income	(328)	-
Share-based payment expenses	2,430	1,437
Gain on disposal of financial assets	(1,040)	(30)
Gain on disposal of plant and equipment	(1)	-
Fair value gain on financial assets designated at FVTPL	(898)	-
Net fair value loss (gain) on financial assets mandatorily designated at FVTPL	4,783	(1,039)
Allowance for doubtful receivables	1,544	88
Operating cash flows before movements in working capital	69,181	56,628
Trade receivables	(6,986)	(8,796)
Other receivables and prepayments	(659)	297
Trade payables	298	454
Other payables and accruals	(1,409)	(702)
Cash generated from operations	60,425	47,881
Interest received	2,389	1,436
Income tax paid	(11,199)	(14,093)
Net cash from operating activities	51,615	35,224
Investing activities		
Dividends received	328	-
Purchase of plant and equipment and intangible assets	(1,728)	(899)
Proceeds from disposal of plant and equipment	1	-
Purchase of financial assets mandatorily designated at FVTPL	(17,645)	(4,387)
Proceeds from disposal of financial assets mandatorily designated at FVTPL	3,370	508
Purchase of equity investments designated at FVTPL	(6,299)	-
Purchase of quoted debt instrument at amortised cost	(5,000)	-
Acquisition of subsidiaries ⁽¹⁾	(485)	-
Proceeds from sales of ownership interests in subsidiaries to non-controlling shareholders	92	-
Net cash used in investing activities	(27,366)	(4,778)
Financing activities		
Dividends paid to non-controlling shareholders	(1,186)	(1,491)
Dividends paid	(23,456)	(20,568)
Placement of pledged deposits	(118)	(589)
Purchase of treasury shares	(6,633)	-
Capital contributions by non-controlling shareholders in subsidiaries	159	-
Proceeds from issuance of shares	-	176,055
Net cash (used in) from financing activities	(31,234)	153,407
Net (decrease) increase in cash and cash equivalents	(6,985)	183,853
Cash and cash equivalents at beginning of the year	289,090	106,092
Effect of foreign exchange rate changes	(295)	(855)
Cash and cash equivalents at end of the year	281,810	289,090
⁽¹⁾ Net cash outflow on acquisition at subsidiaries		
Consideration paid in cash	741	
Less: cash and cash equivalents balances acquired	(256)	
	485	

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	Treasury shares	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	S\$'000
Balance as at 1 January 2018	260,605	-	(47,534)	1,437	(43)	98,025	312,490	8,279	320,769
<u>Total comprehensive income for the year</u>									
Profit for the year	-	-	-	-	-	48,178	48,178	4,244	52,422
Other comprehensive income for the year	-	-	-	-	146	-	146	(83)	63
<u>Transactions with owners, recognised directly in equity</u>									
Dividends	-	-	-	-	-	(23,262)	(23,262)	-	(23,262)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(1,524)	(1,524)
Purchase of treasury shares	-	(6,633)	-	-	-	-	(6,633)	-	(6,633)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	-	1,730	-	(1,730)	-	-	-	-	-
Recognition of share-based payment	-	-	-	2,430	-	-	2,430	-	2,430
Change in ownership interests in subsidiaries	-	-	(20)	-	-	-	(20)	111	91
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	300	300
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	168	168
Liquidation of a subsidiary	-	-	(9)	-	-	40	31	(31)	-
Balance as at 31 December 2018	260,605	(4,903)	(47,563)	2,137	103	122,981	333,360	11,464	344,824

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	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 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 year</u>								
Profit for the year	-	-	-	-	41,332	41,332	5,115	46,447
Other comprehensive income for the year	-	-	-	(55)	-	(55)	(50)	(105)
<u>Transactions with owners, recognized directly in equity</u>								
Dividends	-	-	-	-	(3,739)	(3,739)	-	(3,739)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(937)	(937)
Changes in ownership interests in subsidiaries	-	(22,058)	-	12	(421)	(22,467)	(9,153)	(31,620)
Recognition of share-based payment	-	-	1,437	-	-	1,437	-	1,437
Issuance of shares	217,539	-	-	-	-	217,539	-	217,539
IPO expenses taken to equity	(5,458)	-	-	-	-	(5,458)	-	(5,458)
Balance as at 31 December 2017, as restated	260,605	(47,534)	1,437	(43)	98,025	312,490	8,279	320,769

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

STATEMENTS OF CHANGES IN EQUITY FOR THE COMPANY

	Share capital	Treasury shares	Equity reserve	Share- based payment reserve	Retained earnings	Total equity
	S\$'000	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 year	-	-	-	-	28,019	28,019
<u>Transactions with owners, recognized directly in equity</u>						
Dividends	-	-	-	-	(23,262)	(23,262)
Purchase of treasury shares	-	(6,633)	-	-	-	(6,633)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	-	1,730	-	(1,730)	-	-
Recognition of share-based payment	-	-	-	2,430	-	2,430
Balance as at 31 December 2018	260,605	(4,903)	(437)	2,137	28,021	285,423

	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 21 September 2016 (Date of incorporation)	*	-	-	-	*
<u>Total Comprehensive Income</u>					
Profit for the year	-	-	-	27,003	27,003
<u>Transactions with owners, recognized directly in equity</u>					
Dividends	-	-	-	(3,739)	(3,739)
Changes in ownership interests in subsidiaries	-	(437)	-	-	(437)
Recognition of share-based payment	-	-	1,437	-	1,437
Issuance of shares	266,063	-	-	-	266,063
IPO expenses taken to equity	(5,458)	-	-	-	(5,458)
Balance as at 31 December 2017	260,605	(437)	1,437	23,264	284,869

* Represents 3 shares with issued and paid-up capital of \$3

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

- 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 year 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 year reported on and as at the end of the corresponding year 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 year reported on and as at the end of the corresponding year of the immediately preceding financial year.**

	Number of shares	Share Capital S\$'000
As at 1 January 2018	1,011,406,872	260,605
Treasury shares purchased	(7,626,900)	(6,633)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	2,039,600	1,730
As at 31 December 2018	<u>1,005,819,572</u>	<u>255,702</u>
	As at 31 Dec 2018	As at 31 Dec 2017
Number of treasury shares	5,587,300	-
Number of issued shares excluding treasury shares	1,005,819,572	1,011,406,872
Percentage of issued shares excluding treasury shares (%)	0.5555%	n.m.

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 31 December 2018 and 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 year and as at the end of the immediately preceding year.**

	As at 31 Dec 2018	As at 31 Dec 2017
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(5,587,300)	-
Issued shares excluding treasury shares	<u>1,005,819,572</u>	<u>1,011,406,872</u>

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

	Number of shares
As at 1 January 2018	1,011,406,872
Treasury shares purchased	(7,626,900)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	2,039,600
As at 31 December 2018	<u>1,005,819,572</u>

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

- 1 (d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year 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 year 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 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 year 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 years 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 amounting to \$2,298,000 was transferred to retained earnings upon adoption of SFRS(I) (i.e. 1 January 2017).

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

	Group	
	2018	2017
PATMI (S\$'000)	48,178	41,332
Number of shares ('000)		
- Basic	1,009,124	899,785
- Diluted	1,013,011	906,211
Earnings per share ("EPS") (cents)		
- Basic	4.77	4.59
- Diluted	4.76	4.56

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 year reported on; and (b) immediately preceding financial year.

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net asset value (S\$'000)	333,360	312,490	285,423	284,869
Number of ordinary shares ('000)	1,005,820	1,011,407	1,005,820	1,011,407
Net asset value per share (cents)	33.14	30.90	28.38	28.17

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 year 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 year reported on.

REVIEW OF GROUP'S PERFORMANCE

The Group achieved yet another record year in profits, gross profits and revenue.

	2018 S\$'000	2017 S\$'000	Change S\$'000	%
NPAT	52,422	46,447	5,975	12.9
Unrealized revaluation loss/(gain) on financial assets	3,885	(1,039)		
Normalized NPAT	56,307	45,408	10,899	24.0
Normalized PATMI	52,063	40,293	11,770	29.2

- a. Normalized PATMI rose 29.2% from S\$40.3m to S\$52.1m as
 - NPAT grew 12.9% to S\$52.4m;
 - S\$4.0m of the unrealized revaluation loss has been reversed as at the date of announcement; and
 - 88GLOW took effect in June 2017 involving the acquisition of certain minority interests from co-owners.
- b. The proposed dividend payout of S\$28.15m, equivalent to 53.7% of NPAT, was arrived at based on 50% of the current year Normalized NPAT.
- c. Revenue crossed the S\$400m milestone for the first time, registering 9.3% growth from S\$392.0m to S\$428.5m. GP grew by 14.2% from S\$136.0m to S\$155.3m.

The growth of revenue and GP were partially attributable to the acquisitions of REForce, HRnet Rimbun and Career Personnel which were completed in second half of the year. These new business units contributed S\$4.4m in revenue and S\$2.9m in GP.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

i. Professional recruitment:

Revenue grew by 19.1% to S\$103.3m and gross profit by 19.0% to S\$103.0m, mainly attributable to the strong performance of our existing business units in North Asia (particularly in Mainland China and Hong Kong) and Singapore.

We placed 9,448 talents as compared to 8,216 in the last year. Our average gross profit increased by 3.5% to S\$10,894 per placement.

ii. Flexible Staffing:

Revenue grew by 6.7% to S\$322.2m and gross profit by 7.6% to S\$50.1m, largely led by our business units in Singapore and Hong Kong.

The monthly average of contractor employees managed by us increased by 8.4% to 12,112.

GP margins were well maintained at 99.6% (2017: 99.7%) for professional recruitment and 15.5% (2017: 15.4%) for flexible staffing. The overall GP margin increased from 34.7% to 36.2% as the proportion of GP from professional recruitment increased from 63.6% to 66.3%.

d. SG&A effectiveness improved from 64.8% to 62.4% of GP, while absolute expenses increased by S\$8.8m mainly due to:

i. Staff costs increase of S\$9.5m arising from:

- salaries and provision for unconsumed leave relating to the permanent heartcount ("HC") which increased by 132 to 941. The proportion of sales people remains at approximately 86%.
- profit-sharing incentives expenses in line with the top line growth and the increase in PHC/HC ratio from 71.4% to 73.8%. (**PHC refers to sales people who achieved GP in excess of 3 times their payroll cost*)

ii. Selling expenses included a loss allowance of S\$1.6m mainly due to a customer with financial difficulties.

iii. Other expenses decreased mainly because of the absence of the 2017 one-off S\$3.6m IPO expenses.

e. Other income comprises mainly of:

- i. Singapore government subsidies that were reduced by \$0.5m to S\$5.8m because of the expiry of the Temporary Employment Credit Scheme.
- ii. Interest income that increased by S\$1.9m to S\$3.5m.
- iii. Gain on disposal of investments in financial assets of S\$1.0m.
- iv. Fair value gain on financial assets designated at FVTPL of S\$0.9m.
- v. Net fair value loss on financial assets mandatorily designated at FVTPL of S\$4.8m compared to net fair value gain on financial assets mandatorily designated at FVTPL of S\$1.0m in 2017.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

REVIEW OF GROUP'S FINANCIAL POSITION

The Group's cash and cash equivalents stood at S\$281.8m, a decrease of S\$7.3m mainly due to S\$51.6m generated from operating activities and received proceeds amounting to S\$3.4m from the sale of quoted equity investments; the cash was invested in \$17.6m of quoted equity investments, S\$6.3m of unquoted equity investments, S\$5.0m of quoted debt instruments. We also paid dividends totalling S\$24.6m and incurred S\$6.6m in share buyback. As part of our expansion activities, we spent S\$1.7m on the renovation of our offices and software development cost.

With the completion of the acquisitions of REForce, HRnet Rimbun and Career Personnel, S\$12.3m was recognized as goodwill for part of the total purchase consideration in excess of the fair value of the net identifiable assets of the businesses acquired.

- a. For certain acquisitions, there is a deferred consideration component in the total purchase consideration, which shall be payable over 3 tranches during the agreed earned-out period, S\$4.8m being payable within the next twelve months was treated as deferred considerations under current liabilities, while S\$8.6m payable thereafter as deferred consideration under non-current liabilities. The increase in income tax payable was in line with the higher amount of taxable profits generated by the business.
- b. Subject to the completion of the Purchase Price Allocation exercise by August 2019, the value of intangible assets arising from the business combinations is estimated to be S\$2.2m.

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 year and the next 12 months.

In the face of general speculation on economic headwinds, the leaders and co-owners believe that HRnetGroup as an organization is in an even stronger position now to do well in 2019:

- a. Our people infrastructure was strengthened significantly through the increase in the number of PHCs and co-owners who are nimble and most prepared to seize opportunities in the market place. From the increased staff strength of 1,101,
 - ✓ Productive sales people increased by 99 PHC from 496 in 2017 to 595 in 2018
 - ✓ Leadership base increased by 17 to 173
 - ✓ 123GROW retention of 290 PHC co-owners out of 363 HC (80%) who were co-owners as at 31 Dec 2017
 - ✓ 88GLOW had 4 new admissions of experienced leaders as co-owners in existing units RecruitFirst Hong Kong, HRnetOne Malaysia and PeopleFirst Malaysia
 - ✓ 3 start-up business units namely RecruitFirst Malaysia, RecruitFirst Shanghai and HRnet One Shenzhen invited a total of 6 experienced leaders to pioneer the respective businesses as co-owners who personally invest in the units they operate

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

- b. We continue to be inspired with our start-up successes, most recently with RecruitFirst Singapore and RecruitFirst Hong Kong which commenced business in 2013 and 2017 respectively. The combined business of the RecruitFirst brand generated revenues of S\$77.2m through a strong base of 74.6% PHCs out of 75 HC and 3,545 contractors, a level of business that surpasses many peers within the Group and in the market. RecruitFirst Malaysia commenced business in January 2019 and RecruitFirst Shanghai shall commence in April 2019.
- c. Our rapid geographical diversification into three new cities came about through the acquisition of Rimbun which operates in Jakarta, REForce which operates in Suzhou in addition to those we are already in, and the incorporation of HRnetOne Shenzhen. We will continue to deepen our roots in the 13 markets we operate in, through extension of our product offerings in flexible staffing, professional recruitment and outsourced payroll to our clients, cross-border career mobility for our candidates, and regional exposure for our people.
- d. The recognitions and appreciations we have received are a testimony of our strong foundation in quality delivery, engagement effectiveness and industry specialization. Some of our accolades include:
 - ✓ PeopleSearch Shanghai received the 2018 Best Recruitment Partner award by the Ping An Group
 - ✓ HRnetGroup received the 2017 Outstanding HR Service Provider award by UniGroup
 - ✓ PeopleSearch High Technology Team received the following from Huawei Technologies Japan K.K.:
 - 2016 Silver Award for Mid Career Recruitment
 - 2017 Gold Award for Mid Career Recruitment
 - 2018 Platinum Award for Mid Career Recruitment
 - ✓ HRnetOne Taiwan, PeopleSearch Taiwan and Recruit Express Taiwan received Grade A awards at the annual Employment Service Agency Accreditation by the Taipei City Government.
 - ✓ HRnetOne Singapore received from Ms Josephine Teo, the Minister for Manpower in Singapore a Certificate of Partnership for our exemplary human capital development practices.
- e. Our M&A experience from the completion of three acquisitions gave us a good head start in seizing synergistic opportunities with like-minded entrepreneurs through the process of coming together as well as post-acquisition adjustment and assimilation. It has been a meaningful journey and we are looking forward to bringing more co-owners into the business through M&A. Work is still in progress on certain transactions at various stages of negotiation, documentation and execution.
- f. Our investment experience and involvement in relevant public and private equity deal flows provided us with first hand working experience with and appreciation of online and offline investment opportunities that are important for our business in the HR space.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Dividend

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

The Directors are pleased to propose the payment of a tax-exempt (one-tier) final dividend of 2.8 cents per ordinary share, in respect of the financial year ended 31 December 2018, subject to the approval of shareholders at the next Annual General Meeting of the Company.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	2.8 cents per ordinary share
Tax rate	Tax-exempt (one-tier)

b. Corresponding year of the immediately preceding financial year?

For the financial year ended 31 December 2017, a tax-exempt (one-tier) dividend of 2.3 cents per ordinary share was paid to registered shareholders.

c. The date the dividend is payable.

Subject to approval by the shareholders at the next Annual General Meeting, the payment date of the proposed dividend will be announced at a later date.

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.

Subject to approval by the shareholders at the next Annual General Meeting, the books closure date will be announced at a later date.

12. 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.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENT INFORMATION

Segment revenue and results

	Revenue	
	2018	2017
	S\$'000	S\$'000
Professional recruitment	103,331	86,766
Flexible staffing	322,220	301,934
Others	2,939	3,217
	428,490	391,916
	Profit before tax	
	2018	2017
	S\$'000	S\$'000
Professional recruitment	102,930	86,487
Flexible staffing	50,086	46,565
Others	2,281	2,950
Gross profit	155,297	136,002
Other income	6,787	8,985
Other employee benefit expenses	(76,861)	(67,351)
Facilities and depreciation expenses	(11,107)	(10,707)
Selling expenses	(5,599)	(3,982)
Other expenses	(3,350)	(6,033)
Profit before income tax	65,167	56,914

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

SEGMENT INFORMATION (Continued)

Geographical segment revenue and results

	Revenue	
	2018	2017
	S\$'000	S\$'000
Singapore	315,926	298,244
North Asia	103,161	84,707
Rest of Asia	9,403	8,965
	428,490	391,916
	Profit before tax	
	2018	2017
	S\$'000	S\$'000
Singapore	83,447	79,006
North Asia	66,005	51,872
Rest of Asia	5,845	5,124
Gross profit	155,297	136,002
Other income	6,787	8,985
Other employee benefit expenses	(76,861)	(67,351)
Facilities and depreciation expenses	(11,107)	(10,707)
Selling expenses	(5,599)	(3,982)
Other expenses	(3,350)	(6,033)
Profit before income tax	65,167	56,914

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8.

15. A breakdown of sales.

Breakdown of Revenue and Results

	Group		
	2018	2017	Change
	S\$'000	S\$'000	%
<u>First Half</u>			
Revenue reported for the first half-year	214,967	192,782	11.5
Profit after tax reported for the first half-year	31,144 ¹	21,836	42.6
<u>Second Half</u>			
Revenue reported for the second half-year	213,523	199,134	7.2
Profit after tax reported for the second half-year	21,278 ¹	24,611	-13.5

Note ¹

The Group received Singapore government subsidies of S\$5.5m during the first half-year compared to S\$0.1m in the second half-year. Financial assets mandatorily designated at FVTPL gave rise to a net fair value gain of S\$0.8m in the first half-year compared to a net fair value loss of S\$5.6m during the second half-year.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	2018	2017
	S\$'000	S\$'000
<u>Annual Dividend</u>		
Ordinary Dividend		
- Final [#]	28,163	23,262

[#] The proposed final one-tier tax exempt dividends in respect of 2018 is subject to shareholders' approval at the forthcoming Annual General Meeting of the company.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Sim Yong Siang	66	<p>Brother of Sim Joo Siang (Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of Recruit Express Pte Ltd).</p> <p>Father of Sim Wei Ling, Adeline (Director, Deemed Substantial Shareholder and General Counsel of HRnetGroup Limited).</p> <p>Husband of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Father of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	<p>Founding Chairman and Executive Director of the Company since 21 September 2016, Director of HRnet One Pte Ltd since 9 April 1992, Recruit Express Pte Ltd since 22 February 1996.</p>	None
Sim Joo Siang	62	<p>Brother of Sim Yong Siang (Founding Chairman, Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Uncle of Sim Wei Ling, Adeline (Director, Deemed Substantial Shareholder and General Counsel of HRnetGroup Limited).</p>	<p>Executive Director of the Company since 21 September 2016, Director of Recruit Express Pte Ltd since 1 April 1999.</p>	None

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		<p>Brother-in-law of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Uncle of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>		
Sim Wei Ling, Adeline	39	<p>Daughter of Sim Yong Siang (Founding Chairman, Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd, Recruit Express Pte Ltd).</p> <p>Niece of Sim Joo Siang (Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of Recruit Express Pte Ltd).</p> <p>Daughter of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Sister of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	Executive Director of the Company since 16 May 2017, Chief Legal Officer of the Company since 26 February 2018.	Promoted from Executive Director and General Counsel to Executive Director and Chief Legal Officer on 26 February 2018.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. Use of IPO Proceeds

Pursuant to the Company's IPO, the Company received gross proceeds from the IPO of approximately S\$174.1 million.

The utilisation of the gross proceeds from the Company's initial public offering as of 31 December 2018 is set out as below:

	Amount utilised
	S\$ million
Underwriting commission	4.7
Professional fees and other miscellaneous expenses (including listing fees)	4.4
Purchase of marketable securities	22.0
Purchase of unquoted investments	6.3
Acquisition and investment in subsidiaries	1.8
Startup of subsidiaries	0.3
	39.5

19. 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.

By order of the Board

Sim Yong Siang
Founding Chairman
22 February 2019

Adeline Sim Wei Ling
Chief Legal Officer and Executive Director
22 February 2019

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.