



NO SIGNBOARD HOLDINGS LTD.

(Unique Entity Number: 201715253N)
Incorporated in the Republic of Singapore

Full Year Financial Statements and Dividend Announcement for the Year Ended 30 September 2018

Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as ascribed to them in the Offer Document of the Company dated 23 November 2017 (the “Offer Document”).

No Signboard Holdings Ltd. (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 30 November 2017. The initial public offering (the “**IPO**”) of the Company was sponsored by RHT Capital Pte. Ltd. (the “**Sponsor**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor for compliance with the SGX-ST Listing Manual Section B: 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 Sponsor and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Khong Choun Mun, Registered Professional, RHT Capital Pte Ltd, 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6757

Background

The Company was incorporated in the Republic of Singapore on 1 June 2017 under the Companies Act (Chapter 50) of Singapore as a private limited company under the name “No Signboard Holdings Pte. Ltd.”. On 6 November 2017, the Company changed its name to “No Signboard Holdings Ltd.” in conjunction with its conversion to a public company limited by shares.

The group comprising the Company and its subsidiaries (the “**Group**”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of its corporate reorganisation for the purpose of the initial public offering, pursuant to a restructuring agreement dated 20 October 2017 (the “**Restructuring Agreement**”). The Restructuring Exercise involved the acquisition by the Company from its holding company, GuGong Pte. Ltd. (“**GuGong**”), formerly known as No Signboard Seafood Restaurant Pte. Ltd., of (i) the assets, liabilities, intellectual property, businesses and undertakings of the “No Signboard Seafood” restaurant business; (ii) the entire share capital of Tao Brewery Pte. Ltd. (“**Tao Brewery**”); and (iii) 800,000 shares representing 80% of the share capital of Danish Breweries Pte. Ltd. (“**Danish Breweries**”, for a consideration of \$2,315,231. The consideration was based on the audited net assets value of the restaurant business, Tao Brewery and Danish Breweries as at 30 June 2017. The **Restructuring Exercise** was completed on 31 October 2017, and the consideration was satisfied by the allotment and issue of 2,315,231 shares to GuGong.

Even though the transfer of the legal interest in the restaurant business and its subsidiaries to the Company occurred on 31 October 2017, economic interest in the restaurant business was effectively transferred on 1 July 2017, hence all profits and receipts, and all losses and outgoing, accruals or payables in relation to the restaurant business from 1 July 2017 to 30 October 2017 (“**Interim Period**”) were attributed to the Company.

On 19 June 2018, the Group acquired the remaining 20% shares in Danish Breweries through Tao Brewery for a consideration of \$400,000. The consideration was determined after arm’s length negotiations and by reference to the value of the GuGong’s acquisition of 80% of Danish Breweries in 2017. Following the completion of the acquisition, Danish Breweries is now a wholly owned subsidiary of the Company.

Basis of Preparation and Consolidation

The Group resulting from the Restructuring Exercise, is one involving entities under common control. Accordingly, the consolidated financial statements have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the relevant years in which the common control combination occurs are included in the consolidated financial statements of the Group as if the Restructuring Exercise had occurred from the date when the merged entities first came under the control of the group of shareholders acting in concert. Please refer to paragraph 5 of this announcement for further information.



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

	Group		Increase/ (Decrease) %
	FY2018	FY2017	
	\$	\$	
Revenue	26,501,288	24,392,679	8.6
Other income	1,562,567	1,189,152	31.4
Raw materials and consumables used	(8,923,962)	(5,917,983)	51.7
Changes in inventories	(54,854)	(2,186)	
Employee benefits expense	(8,493,807)	(5,541,973)	53.3
Operating lease expense	(2,845,752)	(2,576,779)	10.4
Depreciation and amortisation expense	(370,306)	(245,036)	51.1
Other operating expenses	(3,766,239)	(1,980,447)	90.2
IPO expense	(1,121,167)	-	N.M.
Impairment of goodwill and intangible assets	(4,306,083)	-	N.M.
Finance costs	(69,392)	(2,369)	N.M.
(Loss) Profit before income tax	(1,887,707)	9,315,058	(120.3)
Income tax expense	(534,294)	(1,365,650)	(60.9)
(Loss) Profit for the year	(2,422,001)	7,949,408	(130.5)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(84)	208	N.M.
Total comprehensive (loss) income for the year	(2,422,085)	7,949,616	(130.5)
(Loss) Profit attributable to:			
Owners of the Company	(2,306,466)	7,722,199	(129.9)
Non-controlling interests	(115,535)	227,209	N.M.
	(2,422,001)	7,949,408	(130.5)
Total comprehensive (loss) income attributable to:			
Owners of the Company	(2,306,550)	7,722,407	(129.9)
Non-controlling interests	(115,535)	227,209	N.M.
	(2,422,085)	7,949,616	(130.5)
N.M.: Not meaningful			



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1(a)(ii) Notes to the income statement.

The Group's (loss) profit before tax was arrived after (crediting) / charging the following:

	Group		Increase/ (Decrease) %
	FY2018	FY2017	
	\$	\$	
Franchise fee income	(132,000)	-	N.M.
Termination of distribution agreement	-	(1,105,859)	N.M.
(Reversal of) Provision for promotional support	(1,027,337)	1,607,928	N.M.
Government grants	(57,246)	(55,951)	2.3
Depreciation and amortisation expense	370,306	245,036	51.1
Impairment of goodwill and intangible assets	4,306,083	-	N.M.
Interest income	99,546	-	N.M.
Interest expense	69,392	2,369	N.M.
Foreign exchange gain	(38,231)	(10,389)	N.M.
Income tax expense			
- Current tax expense	590,331	1,405,094	(58.0)
- Under (over) provision of prior year tax	49,363	(39,444)	N.M.
- Deferred tax	(105,400)	-	N.M.
Note:			
N.M.: Not meaningful			



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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.

	GROUP		COMPANY	
	2018 \$	2017 \$	2018 \$	2017 \$
ASSETS				
Current assets				
Cash and bank balances	23,659,698	293,434	22,901,982	1,023
Trade receivables	1,059,593	1,297,866	302,666	-
Other receivables	1,251,407	1,285,288	735,408	379,064
Amount due from holding company	-	15,380,567	-	2
Amount due from subsidiaries	-	-	3,826,093	-
Inventories	221,459	188,431	110,764	-
Other assets	410,483	305,144	-	-
Total current assets	26,602,640	18,750,730	27,876,913	380,089
Non-current assets				
Security deposits	1,038,170	960,583	786,907	-
Goodwill	-	3,443,083	-	-
Intangible asset	299,275	620,000	-	-
Plant and equipment	1,008,233	823,474	374,274	-
Other assets	89,697	794,930	-	-
Investment in subsidiaries	-	-	1,780,104	-
Total non-current assets	2,435,375	6,642,070	2,941,285	-
Total assets	29,038,015	25,392,800	30,818,198	380,089
LIABILITIES AND EQUITY				
Current liabilities				
Short term loans	2,054,046	808,189	600,000	-
Trade payables	1,280,962	1,765,646	965,007	-
Other payables	1,959,964	2,566,092	966,499	-
Amount due to holding company	102,414	-	102,414	380,087
Finance lease	-	20,215	-	-
Provisions	867,583	1,758,828	262,853	-
Income tax payable	538,895	1,397,946	510,616	-
Total current liabilities	6,803,864	8,316,916	3,407,389	380,087
Non-current liabilities				
Provisions	161,327	199,538	161,327	-
Deferred tax liabilities	-	108,921	-	-
Finance lease	-	89,920	-	-
Total non-current liabilities	161,327	398,379	161,327	-
Capital, reserves and non-controlling interest				
Share capital	25,181,005	2	25,181,005	2
Capital reserve	(695,938)	-	2,063,751	-
Retained earnings	(2,412,367)	16,855,532	4,726	-
Translation reserve	124	208	-	-
Equity attributable to owner of the company	22,072,824	16,855,742	27,249,482	2
Non-controlling interests	-	(178,237)	-	-
Total equity	22,072,824	16,677,505	27,249,482	2
Total liabilities and equity	29,038,015	25,392,800	30,818,198	380,089



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- 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 year reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount payable in one year one or less or on demand

As at 30/9/2018		As at 30/9/2017	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
-	2,054,046	-	808,189

Amount repayable after one year

As at 30/9/2018		As at 30/9/2017	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
-	-	-	-

Details of any collaterals.

Not applicable.



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

	GROUP	
	FY2018 \$	FY2017 \$
Operating activities		
(Loss) Profit before income tax	(1,887,707)	9,315,058
Adjustments for:		
Bad debt expense	3,613	3,169
Depreciation and amortisation expense	370,306	245,036
Loss on disposal of plant and equipment	11,250	-
Write-off of inventories	164,763	-
Impairment of goodwill and intangible assets	4,306,083	-
IPO expense	1,121,167	-
Foreign exchange	12,083	-
Interest income	(99,546)	-
Interest expense	69,392	2,369
Operating cash flows before movements in working capital	4,071,404	9,565,632
Trade receivables	234,660	(937,527)
Other receivables	(422,770)	(1,201,207)
Inventories	(197,791)	13,078
Other assets	599,894	48,817
Trade payables	(484,684)	(475,159)
Other payables	(851,003)	(599,739)
Provisions	(929,456)	(78,326)
Cash generated from operations	2,020,254	6,335,569
Income tax paid	(38,376)	(1,491,990)
Net cash from operating activities	1,981,878	4,843,579
Investing activities		
Purchase of plant and equipment	(807,280)	(213,469)
Proceeds from disposal of plant and equipment	250	-
Payment of franchise fees	(301,560)	-
Acquisition of subsidiary	-	(1,713,805)
Acquisition of non-controlling interest in a subsidiary	(160,000)	-
Amount due from holding company	2,662,511	(4,093,050)
Interest received	99,546	-
Net cash from (used in) investing activities	1,493,467	(6,020,324)
Financing activities		
Repayment of finance leases	(110,135)	(6,463)
Proceeds from short-term loans	1,800,468	808,189
Repayment of short-term loans	(566,778)	-
Proceeds from shares issuance of shares	23,850,000	-
IPO expenses paid	(2,382,482)	-
Dividend paid	(2,635,637)	-
Interest paid	(64,517)	(2,127)
Net cash from financing activities	19,890,919	799,599
Net increase (decrease) in cash and cash equivalents	23,366,264	(377,146)
Cash and cash equivalents at beginning of year	293,434	670,580
Cash and cash equivalents at end of year	23,659,698	293,434



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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.

	GROUP						
	Share capital	Capital reserve	Retained earnings	Translation reserve	Equity attributable to owners of the Company	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 October 2016	2	-	9,133,333	-	9,133,335	-	9,133,335
<i>Total comprehensive income for the year:</i>							
Profit for the year	-	-	7,722,199	-	7,722,199	227,209	7,949,408
Other comprehensive income for the year	-	-	-	208	208	-	208
Total	-	-	7,722,199	208	7,722,407	227,209	7,949,616
Non-controlling interest arising from the acquisition of a subsidiary, representing transaction with owners, recognised directly in equity	-	-	-	-	-	(405,446)	(405,446)
Balance at 30 September 2017	2	-	16,855,532	208	16,855,742	(178,237)	16,677,505
Balance at 1 October 2017	2	-	16,855,532	208	16,855,742	(178,237)	16,677,505
Issuance of new shares pursuant to restructuring exercise	2,315,231	-	-	-	2,315,231	-	2,315,231
Issuance of new shares	2,850,000	-	-	-	2,850,000	-	2,850,000
Issuance of new Shares via IPO	21,000,000	-	-	-	21,000,000	-	21,000,000
Share issue expenses	(984,228)	-	-	-	(984,228)	-	(984,228)
Total	25,181,005	-	16,855,532	208	42,036,745	(178,237)	41,858,508
<i>Total comprehensive income for the year:</i>							
Loss for the year	-	-	(2,306,466)	-	(2,306,466)	(115,535)	(2,422,001)
Other comprehensive income for the year	-	-	-	(84)	(84)	-	(84)
Total	-	-	(2,306,466)	(84)	(2,306,550)	(115,535)	(2,422,085)
<i>Transaction with owners, recognised directly in equity</i>							
Arising from Restructuring Exercise	-	-	(14,325,796)	-	(14,325,796)	(2,166)	(14,327,962)
Dividends	-	-	(2,635,637)	-	(2,635,637)	-	(2,635,637)
Arising from acquisition of remaining interest in a subsidiary	-	(695,938)	-	-	(695,938)	295,938	(400,000)
Total	-	(695,938)	(16,961,433)	-	(17,657,371)	293,772	(17,363,599)
Balance at 30 September 2018	25,181,005	(695,938)	(2,412,367)	124	22,072,824	-	22,072,824

	COMPANY						
	Share capital	Capital reserve	Retained earnings	Translation reserve	Equity attributable to owners of the Company	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$
Issue of shares at date of incorporation on 1 June 2017 and balance as at 30 September 2017	2	-	-	-	2	-	2
Balance at 1 October 2017	2	-	-	-	2	-	2
Issuance of new shares pursuant to Restructuring Exercise	2,315,231	-	-	-	2,315,231	-	2,315,231
Issuance of new shares	2,850,000	-	-	-	2,850,000	-	2,850,000
Issuance of new Shares via IPO	21,000,000	-	-	-	21,000,000	-	21,000,000
Share issue expenses	(984,228)	-	-	-	(984,228)	-	(984,228)
Total	25,181,005	-	-	-	25,181,005	-	25,181,005
<i>Total comprehensive income for the year:</i>							
Profit for the year	-	-	2,640,363	-	2,640,363	-	2,640,363
Total	-	-	2,640,363	-	2,640,363	-	2,640,363
<i>Transaction with owners, recognised directly in equity:</i>							
Arising from Restructuring Exercise	-	2,063,751	-	-	2,063,751	-	2,063,751
Dividends	-	-	(2,635,637)	-	(2,635,637)	-	(2,635,637)
Total	-	2,063,751	(2,635,637)	-	(571,886)	-	(571,886)
Balance at 30 September 2018	25,181,005	2,063,751	4,726	-	27,249,482	-	27,249,482



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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 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 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 immediately preceding financial year.

The Company was incorporated on 1 June 2017 with an issued and paid up capital of two (2) shares of S\$1 each, and it has raised additional capital during the period, during the IPO stage. The details of the changes in the issued and paid-up share capital of the Company and immediately after the IPO and the Cornerstone Shares, up to 30 September 2018, are as follows:

	Number of shares	Resultant issued and paid-up share capital (S\$)
Issued and paid-up share capital as at incorporation	2	2
Issue of 5,165,231 new shares pursuant to the Restructuring Exercise (excluding the Sub-division)	5,165,231	5,165,233
Issued and paid-up share capital immediately after the Restructuring Exercise (including the Sub-division)	387,392,475	5,165,233
Issue of 15,734,500 new shares pursuant to the Invitation and 59,265,500 Cornerstone Shares	75,000,000	21,000,000 ⁽¹⁾
Issued and paid-up share capital immediately after the completion of the Invitation and the issue of the Cornerstone Shares	462,392,475	26,165,233 ⁽¹⁾

⁽¹⁾ Based on the gross proceeds from the **Invitation** and the issue of the **Cornerstone Shares**, before taking into account the capitalisation of approximately S\$1.1 million being a portion of the listing expenses incurred in relation to the **Invitation** and the issue of the **Cornerstone Shares**.

There are no outstanding convertibles, shares held as treasury shares and subsidiary holdings as at 30 September 2018.

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.

	30/9/2018	30/9/2017
Number of shares held as treasury shares	-	-
Total no. of issued shares (excluding treasury shares)	462,392,475	2

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.

There are no treasury shares held by the Company.

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.

During the financial year, there were no transaction pertaining to subsidiary holdings.



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

The figures have not been audited nor 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 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 Company has followed the same accounting policies and methods of computation in the financial statements for the current period and year with those in the most recent audited financial statements for the financial year ended 30 September 2017 ("FY2017").

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.

In the First, Second and Third Quarters' Financial Statements and Dividend Announcements, the consolidated financial statements were prepared based on the actual Group that was formed subsequent to the Restructuring Exercise, and hence the Interim Period profits were recognised as other income.

However, following a reassessment of the Group's and Company's accounting principles, it was concluded that the continuation of the use of the principles of merger accounting adopted in FY2017 would be more appropriate.

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

	Group	
	Full Year ended 30 September	
	2018	2017
Earnings per ordinary share:-		
(a) Based on the weighted average number of ordinary shares in issue; and	-0.5 cents	1.67 cents
(b) On a fully diluted basis	-0.5 cents	1.67 cents

For comparative and illustrative purposes, the earnings per share for the respective financial years have been computed based on the profit attributable to owners of the Company and the Company's enlarged share capital of 462,392,475 shares, assuming that the Restructuring Exercise and the issuance of 15,734,500 shares pursuant to the Invitation and 59,265,500 Cornerstone Shares had been completed as at the end of the respective financial year.

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	
	2018	2017	2018	2017
Net asset value per ordinary share based on existing issued share capital (cents)	4.77	3.65	5.89	NA
No. of shares	462,392,475	462,392,475	462,392,475	462,392,475

For comparative and illustrative purposes, the calculation of the net asset value per share for the respective financial years is based on the post-IPO share capital of 462,392,475 shares and the inclusion of net proceeds of approximately S\$19.3 million from the IPO.



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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 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.**

Update on Beer Business

Danish Breweries, a subsidiary of the Company which operates the Group's beer business, had not performed to the levels expected by the senior management of the Company. Accordingly, the Group took proactive and decisive action to rationalise and restructure the beer business ("**Beer Business Restructuring Exercise**"). Following an extensive review of the beer business, the Company's senior management commenced the Beer Business Restructuring Exercise by acquiring the remaining 20% shares in Danish Breweries from the former minority shareholder in order to secure full control over the beer business. The Company then took steps to renew the leadership of the beer business by appointing a new Executive Vice President with more than 20 years of experience in the beer industry to lead the beer business under the direct supervision of the Company's senior management team and replaced the entire sales team of Danish Breweries. As part of the Beer Business Restructuring Exercise, Danish Breweries is also carrying out rebranding exercise on its signature brand – "Draft Denmark", and is reviewing and changing its sales and operational strategies with a focus on increasing the Group's market share and presence through distributing Draft Denmark beer to more coffeeshops to increase brand visibility across a larger demographic. The Group has also replace one of its brewers to address quality issues with its bottled beer and is reviewing all aspects of its cost structure and supply chain to improve the efficiency of the beer business.

STATEMENT OF COMPREHENSIVE INCOME

FINANCIAL PERFORMANCE (FY2018 vs FY2017)

The statement of comprehensive income for FY2018 included twelve-months results of both restaurant and beer businesses, while that of FY2017 included twelve-months results of restaurant business and only four-months results of beer business following its acquisition by the Group in June 2017. Hence, the recording of only four-months revenue and expenses from the beer business in FY2017 has resulted in the increased revenue and expense items in FY2018 when compared to FY2017 ("**Beer Business Acquisition Variance**").

Revenue

The Group reported an increase of 8.6% in revenue from \$24.4 million in FY2017 to \$26.5 million in FY2018.

Revenue from the restaurant business declined by 10.4% in FY2018, which was largely due to the declining levels of tourist spending in 2018¹, and intense competition in the F&B industry. The promotional activities carried out in the 2Q2018 and the month long World Cup 2018 (resulting in fewer diners dining out during that period due to matches being televised during dinner time) also contributed to a drop in sales and average spending per customer.

As a result of Beer Business Acquisition Variance Revenue, the beer business's revenue for FY2018 saw an increase of 140.0% from that recorded in FY2017.

Other income

Other income in FY2018 included the reversal of provision for promotional support of \$1.0 million in the beer business as well as franchise fee income arising from the restaurant business; while the other income in FY2017 included the one-time recognition of income that arose from the termination of distribution agreement recorded by the beer business.

Raw materials and consumables used and changes in inventories

Total raw materials and consumables used and changes in inventories increased by 51.7% from \$5.9 million in FY2017 to \$9.0 million in FY2018. In addition to the impact of the Beer Business Acquisition Variance, Group gross profit margin declined from 75.7% in FY2017 to 66.1% in FY2018, as a result of the new product mix arising from the acquired beer business and the introduction of budget friendly menu items with lower gross profit margins in the restaurant business.

Employee benefits expense

Group's employee benefits expense increased by 53.3% from \$5.5 million in FY2017 to \$8.5 million in FY2018, which other than the impact caused by the Beer Business Acquisition Variance, increased management team headcount to set up the Group's new F&B brand & concept – Hawker, which only opened its first restaurant on 31 October 2018, and the increase in headcount in the Company following its admission on the Catalist and expansion of the Group's operations and businesses have also contributed to the increase.

¹ Based on statistics published by the Singapore Tourism Board for 1Q2018 and 2Q2018.



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Depreciation and amortisation expense

The Group's depreciation and amortisation expense for FY2018 increased 51.1% when compared to that recorded in FY2017 as a result of the Beer Business Acquisition Variance.

Other operating expenses

Other operating expenses increased by 90.2% from \$2.0 million in FY2017 to \$3.8 million in FY2018 due to increased compliance costs, for a listed company, incurred by the Company following its listing in November 2017, on top of the Beer Business Acquisition Variance.

IPO expense

The Group recorded a total \$1.1 million IPO expenses in FY2018 following its successful admission to Catalyst on 30 November 2017.

Impairment of goodwill and intangible assets

The acquisition of Danish Breweries in 2017 resulted in the recognition of goodwill and intangible assets based on its previous management and sales team as well as overall sales strategy. The Beer Business Restructuring Exercise involved the change in the management and sales team as well as overall sales strategy in the beer business, which included the rebranding of its signature brand - Draft Denmark and the transformation of both its upstream and downstream supply chain. As such, the Group has made a full impairment on the goodwill and intangible assets of \$4.3 million in FY2018.

Loss before income tax and profit for the year

Although the Group has reported a loss before income tax of \$1.9 million and net loss of \$2.4 million in FY2018, the restaurant businesses and the overall Group operations continue to be profitable. Please refer to paragraph 16 of this announcement for further information.

Income tax expense

The Group recorded a tax expense of \$0.5 million in FY2018, despite a loss before tax of \$1.9 million as a result of non-allowable expenses which included the impairment loss on goodwill and intangible assets and IPO expenses.

BALANCE SHEET

The Group

Assets

Trade receivables as at 30 September 2018 ("FY2018") was \$1.1 million, which decreased from \$1.3 million recorded as at 30 September 2017 ("FY2017"), mainly due to the quicker collection of debts from beer distributors.

The amount due from holding company as at FY2017 related to amount owing from GuGong Pte. Ltd., which was fully repaid following the completion of the Restructuring Exercise.

Inventories balance as at FY2018 increased by 17.5% when compared to the inventories balance recorded as at FY2017, due to a delay in delivery of one container of beer by a distributor which was held at the port as at FY2018.

Total other assets pertained to the upfront sponsorships provided by the beer business to the beer and entertainment establishments based on the agreed contractual terms. The decrease of other assets balance from \$1.1 million as at FY2017 to \$0.5 million as at FY2018 resulted mainly from the termination of non-performing sales contracts as part of the Beer Business Restructuring Exercise.

Goodwill and intangible assets recorded as at FY2017 have been fully impaired as at FY2018. The intangible asset recorded as at FY2018 pertained to franchise fees paid in conjunction with a license granted to the Group, under a franchise agreement, to develop and operate Little Sheep hotpot restaurants in Singapore.

The increase in plant and equipment from \$0.8 million as at FY2017 to \$1.0 million as at FY2018, resulted mainly from the purchase of additional kegs for the beer business prior to the Beer Business Restructuring Exercise.

Liabilities

Short term loans stood at \$2.1 million as at FY2018, which increased from \$0.8 million as at FY2017, due to loan drawn downs to meet the working capital needs of the beer business.

Trade payables dropped from \$1.8 million as at FY2017 to \$1.3 million as at FY2018, as both the restaurant and beer businesses made timelier settlements to the suppliers.



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Other payables decreased from \$2.6 million as at FY2017 to \$2.0 million as at FY2018, as a result of reduced accruals for volume rebates following the termination of non-performing contracts entered into with beer and entertainment establishments by the beer business. This, however was offset by the increased in amount owing for the acquisition of the remaining 20% shareholding interest in the beer business from its minority shareholder of \$0.2 million, as the consideration of \$0.4 million is to be paid in ten equal monthly instalments.

Amount due to holding company of \$0.1 million as at FY2018 arose largely from the rental of a corporate office and a restaurant unit to the Company by the holding company to allow it to carry out research and development activities on new menu offerings for the restaurant business.

Finance lease as at FY2017 has been fully repaid during the current year by way of loan.

Total provisions reduced from \$2.0 million as at FY2017 to \$1.0 million as at FY2018 as a result of reduced provision for promotional supports following the termination of non-performing contracts by the beer business.

The drop in income tax payable from \$1.4 million as at FY2017 to \$0.5 million as at FY2018, was in line with the decline in the Group's taxable profit for the year.

Capital and non-controlling interest

Pursuant to the issuance of new shares and the successful listing of the Company on 30 November 2018, the Company has recorded an increase in share capital from \$2 as at FY2017 to \$25.2 million as at FY2018, which has been offset by the capitalisation of IPO expenses of \$1.0 million.

Capital reserves of \$0.7 million recorded as at FY2018 arose from the initial acquisition of the 80% shareholding interest in the beer business from the holding company pursuant to the Restructuring Agreement and the subsequent acquisition of the remaining 20% shareholding interest by the Group from the minority shareholder.

The Company

The Company was incorporated on 1 June 2017 and was inactive prior to the completion of the Restructuring Exercise, hence it has only recorded the prepayments made for the IPO expenses as at FY2017. Subsequent to the completion of the Restructuring Exercise, the Company has since taken over the operations, as well as the relevant assets and liabilities of the restaurant business, including the Interim Period profits.

The capital reserve of \$2.1 million as at FY2018 pertained to the Interim Period profits of the restaurant business recorded pursuant to the Restructuring Agreement.

CASH FLOW STATEMENT

FY2018

In FY2018, the Group recorded net cash from operating activities of \$2.0 million, net cash from investing activities of \$1.5 million and net cash from financing activities of \$19.9 million, as it has raised additional capital of \$23.9 million during the year, in conjunction with its admission to the Catalist, which was offset by the payment of IPO expenses of \$2.4 million.

The Company also paid dividends of \$2.6 million in FY2018.

As at 30 September 2018, the Group's cash and cash equivalents stood at \$23.7 million.

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

There was no forecast made.

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 Group is currently in a phase of growth and expansion, and opened its first outlet under a new fast food concept, "Hawker", on 31 October 2018. The Group plans to open two more "Hawker" brand outlets by early 2019, and one outlet under the "Little Sheep" hotpot brand by the end of 2018. The Group has also secured an exclusive master franchise agreement to develop and operate "Mom's Touch" restaurants in Singapore and Malaysia, while it continues to work on the development of a new casual dining concept. Outside of Singapore, the Group has also identified premises for a new restaurant in China and is in the final stages of negotiating the terms of a lease for the premises. The new restaurant in China will mark the Group's first step out of its home ground to materialise its overseas expansion plan. The beer business, which is undergoing Beer Business Restructuring Exercise, will see the addition of new SKUs (consisting of pint bottled and can beer) by the end of 2018.



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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

NA.

(d) Books closure date

NA.

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

The Company has not declared any dividend.

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 Company has not obtained a general mandate from shareholders for Interested Person Transactions ("IPTs").

The aggregate value of interested person transactions entered into during year ended 30 September 2018 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
GuGong Pte. Ltd.	\$207,646 ⁽¹⁾	Not applicable

Note:

⁽¹⁾ During the year, the Company has:

- (i) a payable of \$61,000 as rental expense to GuGong Pte. Ltd. ("GuGong") for the lease of its corporate office and kitchen; and
- (ii) made purchase of \$146,646 of seafood products from GuGong.

14. Use of IPO proceeds

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$19.3 million (the "Net Proceeds"). Please refer to the Offer Document of Net Proceeds for further details. As at the date of this announcement, the Net Proceeds have been utilised as follows:

<u>Purpose</u>	Allocation of Net Proceeds (as disclosed in the Offer Document) \$'000	Net Proceeds utilised as at the date of this announcement \$'000	Balance of Net Proceeds as at the date of this announcement \$'000
Development for the Beer Business	10,000	(599)	9,401
Establishing new chains of restaurants	5,000	(1,834)	3,166
Development of Ready Meal Business	2,000	-	2,000
General working purposes	2,300	(569)	1,731
	<u>19,300</u>	<u>(3,002)</u>	<u>16,298</u>

The Board of Directors is in the process of reviewing the beer business and the Net Proceeds allocated towards its development.



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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the required format.

16. **Segmented revenue and results for operating 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.**

Business segments

Segment revenue & results

	Revenue		Net profit	
	2018	2017	2018	2017
	\$	\$	\$	\$
Restaurant Business	19,091,575	21,305,882	4,423,981	8,185,155
Beer Business	7,409,713	3,086,797	(469,300)	1,138,209
	<u>26,501,288</u>	<u>24,392,679</u>	<u>3,954,681</u>	<u>9,323,364</u>
<u>Central administration costs:</u>				
IPO expenses			(1,121,167)	-
Impairment of goodwill and intangible assets			(4,306,083)	-
Other operating expenses			(445,292)	(5,937)
Interest income			99,546	-
Finance costs			(69,392)	(2,369)
(Loss) Profit before tax			<u>(1,887,707)</u>	<u>9,315,058</u>
Income tax expense			<u>(534,294)</u>	<u>(1,365,650)</u>
(Loss) Profit for the year			<u>(2,422,001)</u>	<u>7,949,408</u>

	2018	2017
	\$	\$
<u>Segment assets</u>		
Restaurant Business	26,202,139	18,124,638
Beer Business	2,835,876	7,268,162
	<u>29,038,015</u>	<u>25,392,800</u>
<u>Segment liabilities</u>		
Restaurant Business	3,339,284	2,554,100
Beer Business	3,087,012	4,654,328
	<u>6,426,296</u>	<u>7,208,428</u>
Unallocated liabilities	538,895	1,506,867
	<u>6,965,191</u>	<u>8,715,295</u>

Other segment information

	Depreciation and amortisation expense		Additions to plant and equipment	
	2018	2017	2018	2017
	\$	\$	\$	\$
Restaurant Business	196,878	98,574	350,304	251,680
Beer Business	173,427	146,462	456,976	-
	<u>370,306</u>	<u>245,036</u>	<u>807,280</u>	<u>251,680</u>

Geographical segments

The Group operates only in Singapore with revenue generated from customers in Singapore. Accordingly, an analysis of assets and profit of the Group by geographical segment is not applicable.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8.



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18. A breakdown of sales.

	<u>FY2018</u>	<u>FY2017</u>	<u>Increase (Decrease)</u>
	\$	\$	%
Sales reported for:			
(a) First half of the financial year	10,841,352	9,652,212	12.3
(b) Second half of the financial year	15,659,936	14,740,467	6.2
	<u>26,501,288</u>	<u>24,392,679</u>	8.6
Operating profit (loss) after tax before deducting non-controlling interests reported for:			
(a) First half of the financial year	1,824,500	2,578,903	(29.3)
(b) Second half of the financial year	(4,246,501)	5,370,505	(179.1)
	<u>(2,422,001)</u>	<u>7,949,408</u>	(130.5)

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

	FY2018 (S\$'000)	FY2017 (S\$'000)
Ordinary	2,635,637	-
Preference	-	-
Total	2,635,637	-

20. 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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mdm Cheo Bee Hwa	59	Mother of Mr Lim Yong Sim and Ms Lim Lay Hoon	Kitchen Operations Executive Duties: Oversees the kitchen and restaurant operations of the seafood restaurant. Since: 1993	No change
Mdm Cheo Bee Yong	57	Aunt of Mr Lim Yong Sim and Ms Lim Lay Hoon	Kitchen Operations Executive Duties: Oversees the kitchen and restaurant operations of the seafood restaurant. Since: 2009	No change
Mr Cheo Cheng San	52	Uncle of Mr Lim Yong Sim and Ms Lim Lay Hoon	Chef Duties: Preparation of dishes of the seafood restaurant. Since: 2000	No change
Mdm Lim Lay Tin	51	Aunt of Mr Lim Yong Sim and Ms Lim Lay Hoon	Restaurant Captain Duties: Oversees the operations of the seafood restaurant. Since: 2000	No change

BY ORDER OF THE BOARD

Lim Yong Sim (Lin Rongsen)
CEO and Executive Chairman

29 November 2018