Natural Cool Holdings Limited

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2019

Natural Cool Holdings Limited. (Registration Number: 200509967G)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULT

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 corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group Year Ended 31 Dec		
	2019 Unaudited	2018 Audited	Increase/ (Decrease)
	S$'000	S$'000	%
Revenue	143,654	136,660	5.1
Cost of sales	(121,952)	(117,534)	3.8
Gross profit	21,702	19,126	13.5
Other income	321	1,139	-71.8
Distribution expenses	(2,654)	(2,273)	16.8
Administrative expenses	(19,287)	(17,271)	11.7
Reversal of impairment loss on trade receivables and contract assets	17	455	-96.3
Other expenses	(862)	(139)	NM
Results from operating activities	(763)	1,037	NM
Finance costs	(1,411)	(895)	57.7
(Loss)/Profit before tax	(2,174)	142	NM
Tax (expense)/credit	(462)	18	NM
(Loss)/Profit for the year	(2,636)	160	NM
(Loss)/Profit attributable to:			
Owners of the Company	(1,980)	266	NM
Non-controlling interests	(656)	(106)	NM
(Loss)/Profit for the year	(2,636)	160	NM
Other comprehensive (loss)/income			
Item that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from translation of foreign operations	(2)	6	NM
Other comprehensive (loss)/income for the year	(2)	6	NM
Total comprehensive (loss)/income for the year	(2,638)	166	NM
Total comprehensive (loss)/income attributable			
Owners of the Company	(1,981)	270	NM
Non-controlling interests	(657)	(104)	NM
Total comprehensive (loss)/income for the year	(2,638)	166	NM

NM denotes not meaningful

1 (a) (ii) Other notes:

(Loss)/Profit from operations is arrived at after (crediting)/charging the following items:

	Group Year Ended 31 Dec	
	2019 Unaudited	2018 Audited
	S$'000	S$'000
Amortisation of deferred revenue	-	(1,300)
Amortisation of intangible assets	176	264
Depreciation		
- Property, plant and equipment	1,994	2,291
- Right-of-use assets	4,423	-
Loss/(Gain) on disposal of property, plant and equipment	112	(25)
Change in fair value of financial asset at fair value through profit or loss (FVTPL)	688	-
Interest income	(1)	(8)
Interest expenses		
- loans and borrowings	895	677
- lease liabilities	516	-
Unwinding of discount on onerous contract	-	218
Reversal of allowance for inventory obsolescence	-	(92)
Bad debts written-off	18	85
Loss on foreign exchange - net	35	37
Plant and equipment written-off	9	16

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2019

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	
	As at 31/12/2019 Unaudited	As at 31/12/2018 Audited	As at 31/12/2019 Unaudited	As at 31/12/2018 Audited
	S$'000	S$'000	S$'000	S$'000
Assets				
Property, plant and equipment	65,614	32,658	20	16
Intangible assets and goodwill	1,982	1,977	-	1
Subsidiaries	-	-	7,932	6,952
Other investments	600	688	600	688
Other receivables	762	-	830	-
Deferred tax assets	-	360	-	-
Non-current assets	68,958	35,683	9,382	7,657
Inventories	10,752	11,927	-	-
Contract assets	1,737	2,032	-	-
Trade and other receivables	24,932	19,862	1,192	807
Cash and cash equivalents	7,463	11,757	220	208
Current assets	44,884	45,578	1,412	1,015
Total assets	113,842	81,261	10,794	8,672
Equity				
Share capital	36,412	36,412	36,412	36,412
Reserves	(3,038)	(3,037)	300	300
Accumulated losses	(14,402)	(12,422)	(31,927)	(29,508)
Equity attributable to owners of the Company	18,972	20,953	4,785	7,204
Non-controlling interests	(128)	509	-	-
Total equity	18,844	21,462	4,785	7,204
Liabilities				
Loans and borrowings	47,996	19,246	-	-
Deferred tax liabilities	361	396	-	-
Provisions	502	1,533	-	-
Non-current liabilities	48,859	21,175	-	-
Loans and borrowings	13,637	4,607	-	-
Contract liabilities	11,973	13,222	-	-
Trade and other payables	20,020	19,423	6,009	1,468
Provisions	-	819	-	-
Current tax payable	509	553	-	-
Current liabilities	46,139	38,624	6,009	1,468
Total liabilities	94,998	59,799	6,009	1,468
Total equity and liabilities	113,842	81,261	10,794	8,672

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.

	Group	
	As at 31/12/2019	As at 31/12/2018
	S$'000	S$'000
Amount repayable in one year or less, or on demand		
Unsecured		
Term loans	73	104
Secured		
Bank loans	886	770
Lease liabilities	6,050	252
Bills payable	6,628	3,481
	13,564	4,503
Loans and borrowings (current)	13,637	4,607
Amount repayable after one year		
Unsecured		
Term loans	-	73
Secured		
Bank loans	18,276	18,484
Lease liabilities	29,720	689
	47,996	19,173
Loans and borrowings (non-current)	47,996	19,246
	61,633	23,853

Details of collateral:

The bank loans are secured on:-

(i) property, plant and equipment with net book values as at 31 December 2019 of S$23,642,926 (31 December 2018: S$24,409,138); and

(ii) corporate guarantees by Natural Cool Holdings Limited.

The finance lease liabilities are secured by motor vehicles, equipment and machines under the leases.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	2019	**2018**
	Unaudited	**Audited**
	S$'000	**S$'000**
Cash flows from operating activities		
(Loss)/Profit for the year	(2,636)	160
Adjustments for:		
Amortisation of deferred revenue	-	(1,300)
Amortisation of intangible assets	176	264
Depreciation of property, plant and equipment	6,417	2,291
Loss/(Gain) on disposal of property, plant and equipment	112	(25)
Change in fair value of financial asset at FVTPL	688	-
Interest expenses	1,411	895
Interest income	(1)	(8)
Property, plant and equipment written-off	9	16
Provisions	(152)	-
Tax expense/(credit)	462	(18)
	6,486	2,275
Changes in:		
Inventories	1,204	(332)
Trade and other receivables	(5,821)	(1,300)
Contract assets	295	(1,604)
Trade and other payables	2,715	1,809
Provisions	-	(824)
Contract liabilities	(1,249)	561
Cash generated from operations	3,630	585
Tax paid	(181)	-
Net cash from operating activities	3,449	585
Cash flows from investing activities		
Acquisition of business	(980)	-
Acquisition of subsidiary, net of cash acquired	-	(1,493)
Interest received	1	8
Investment in other investment	(600)	-
Proceeds from disposal of property, plant and equipment	399	3,857
Purchase of intangible assets	(3)	(43)
Purchase of property, plant and equipment	(1,732)	(3,933)
Proceed from sale of asset held for sale	-	4,148
Net cash generated (used in)/from investing activities	(2,915)	2,544
Cash flows from financing activities		
Interest paid	(1,411)	(667)
Proceeds from borrowings	668	-
Repayment of borrowings	(864)	(5,478)
Changes in bills payable	3,147	2,864
Payment of lease liabilities	(6,386)	(273)
Capital injection by non-controlling interest of subsidiaries	20	490
Net cash used in financing activities	(4,826)	(3,064)
Net (decrease)/increase in cash and cash equivalents	(4,292)	65
Cash and cash equivalents at beginning of year	11,757	11,685
Effect of foreign exchange fluctuations on cash held	(2)	7
Cash and cash equivalents at end of year	7,463	11,757

Natural Cool Holdings Limited

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2019

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated losses	Total 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 at 1 January 2018	36,412	(3,078)	37	(12,688)	20,683	52	20,735
Total comprehensive income for the year							
Profit for the year	-	-	-	266	266	(106)	160
Other comprehensive income							
Foreign currency translation differences from translation of foreign operations	-	-	4	-	4	2	6
Total comprehensive income for the year	-	-	4	266	270	(104)	166
Transactions with owners, recognised directly in equity							
Acquisition of subsidiary	-	-	-	-	-	71	71
Capital injection by non-controlling interest of a subsidiary	-	-	-	-	-	490	490
At 31 December 2018	36,412	(3,078)	41	(12,422)	20,953	509	21,462

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Group	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated losses	Total 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 at 1 January 2019	36,412	(3,078)	41	(12,422)	20,953	509	21,462
Total comprehensive loss for the year							
Loss for the year	-	-	-	(1,980)	(1,980)	(656)	(2,636)
Other comprehensive loss							
Foreign currency translation differences from translation of foreign operations	-	-	(1)	-	(1)	(1)	(2)
Total comprehensive loss for the year	-	-	(1)	(1,980)	(1,981)	(657)	(2,638)
Transactions with owners, recognised directly in equity							
Capital injection by non-controlling interest of a subsidiary	-	-	-	-	-	20	20
At 31 December 2019	36,412	(3,078)	40	(14,402)	18,972	(128)	18,844

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Company	Share capital	Capital reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000
Company (Audited)				
At 1 January 2018	36,412	300	(29,341)	7,371
Total comprehensive loss for the year				
-Loss for the year	-	-	(167)	(167)
At 31 December 2018	36,412	300	(29,508)	7,204
Company (Unaudited)				
At 1 January 2019	36,412	300	(29,508)	7,204
Total comprehensive loss for the year				
-Loss for the year	-	-	(2,419)	(2,419)
At 31 December 2019	36,412	300	(31,927)	4,785

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.

There is no change in the Company's share capital since 30 June 2019 to 31 December 2019.

The Company did not have any outstanding options or convertibles as at 31 December 2019 and 31 December 2018.

There were also no treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

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 numbers of issued shares (excluding treasury shares) were 250,447,985 as at 31 December 2019 and 31 December 2018.

There were no treasury shares as at 31 December 2019 and 31 December 2018.

(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.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

(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.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have neither been audited nor reviewed by the auditors.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable. The latest financial statements have an unmodified opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest financial statements have an unmodified opinion.

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

Except as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation adopted in the financial statements for the current reporting period as in those of the most recent audited financial statements for the financial year ended 31 December 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which effective on 1 January 2019, using the modified retrospective approach.

SFRS(I) 16 introduces a single, on-balance sheet leasee accounting model for leasees. A lessee to recognise a right-of-use ("ROU") asset and representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. There is no change in lessor accounting model.

The cumulative effect of adopting SFRS(I) 16 is required to be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. As at 1 January 2019, the Group has accounted for an increase in ROU assets of S$15.0 million, an increase in lease liabilities of S$18.8 million, a decrease in provisions of S$1.7 million and a decrease in deferred revenue of S$2.1 million. There is no adjustment to the Group's opening balance of retained earnings as at 1 January 2019.

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:

(a) based on the weighted average number of ordinary shares on issue; and

(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group Year Ended 31 December	
	2019	2018
Net (loss)/profit attributable to shareholders (S$'000)	(1,980)	266
Weighted average number of ordinary share in issue (No. of shares) - basic	250,447,985	250,447,985
(Loss)/Earnings per share (Singapore cents) – basic and diluted	(0.79)	0.11

The Company does not have any potential dilutive ordinary shares in existence for the current financial year and previous financial year.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year:

	Group		Company	
	As at 31-Dec-19	As at 31-Dec-18	As at 31-Dec-19	As at 31-Dec-18
Net assets attributable to shareholders (S$'000)	18,972	20,953	4,785	7,204
Net asset value per share as at the end of the financial year (Singapore cents)[1]	7.58	8.37	1.91	2.88

Note: The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 31 December 2019 and 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 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 Income Statement

The Group generated revenue of S$143.7 million for the financial year ended 31 December 2019 ("FY2019"), an increase of S$7.0 million, or 5.1% compared to S$136.7 million in the financial year ended 31 December 2018 ("FY2018").

The Aircon Division reported an increase in revenue of S$5.1 million, or 3.9% compared to FY2018. This increase in revenue was mainly due to higher revenue contribution from the division's regional sales unit which increased from S$5.6 million in FY2018 to S$8.9 million in FY2019. Our servicing department also recorded an increase in revenue in FY2019, while our commercial installation department and the trading department both recorded a drop in the revenue. Our Paint Division also reported an increase in revenue of S$0.7 million, or 18.8% compared to FY2018. During FY2019, our newly acquired Food Division contributed S$0.9 million in revenue.

Gross profit margins were 15.1% in FY2019, 1.1 percentage points higher than FY2018. Gross profit margins improved at our Aircon Division's commercial installation department, Paint Division and our Investment Division. However, the increase was offset by decline in gross profit margin in our Aircon Division's servicing department.

Other income decreased by S$0.8 million or 71.8% in FY2019 mainly due to a decline in sponsorship income of S$0.2 million, the absence of any insurance claim receipts of S$0.3 million, and the absence of stock obsolesce reversals in FY2019.

Distribution expenses increased by S$0.4 million or 16.8% in FY2019 mainly due to higher advertisement expenses of S$0.1 million (attributable primarily to spending by our newly acquired Food Division and our Aircon Division's retail department) and higher travelling expenses of S$0.2 million, as a result of increased business development efforts.

Administrative expenses increased by S$2.0 million or 11.7% in FY2019 mainly due to higher staff costs of S$2.0 million, rental expenses of S$0.2 million and insurance expenses of S$0.2 million. However, we recorded lower professional fees of S$0.2 million, lower upkeep costs of S$0.1 million and lower amortisation expenses of S$0.1 million. The higher staff cost is a result of the increased headcount from the recent acquisition of our Food Division (which is also the reason for the higher rental expenses), as well as from taking in a full financial year impact of JAD Solutions Pte Ltd's operating expenses in FY2019. JAD Solutions Pte Ltd was acquired on 31 July 2018.

Other expenses increased by S$0.7 million mainly due to change in fair value of financial asset.

Finance costs increased by S$0.5 million or 57.7% in FY2019 mainly due to the recognition of interest expense on lease liabilities of S$0.5 million following the implementation of SFRS(I) 16 in FY2019, an increase in the usage of trade financing that resulted in S$0.1 million more in trade finance interest expenses, and a re-pricing of the term loan that also gave rise to an additional S$0.1 million of term loan interest expenses. Conversely in FY2018, we recorded S$0.2 million charge relating to the unwinding of discount on onerous contract which did not recur in FY2019.

The Group has provided a tax provision of S$0.5 million in FY2019.

Arising from the above, the Group reported a loss after income tax of S$2.64 million in FY2019 including the losses absorbed by the non-controlling interests of S$0.7 million.

Review of Statements of Financial Position

Property, plant and equipment increased by S$33.0 million in FY2019 mainly due to recognition of right of use assets of S$35.8 million as a result of the implementation of the SFRS(I) 16. Furthermore, we also purchased motor vehicles for S$2.0 million, incurred renovation expenditure of S$1.1 million, and purchased plant and machinery, and furniture and fittings for S$1.0 million. On the other hand, we recorded total depreciation of S$6.4 million for the year and a disposed of S$0.5 million in property, plant and equipment.

Other investments decreased by S$0.1 million mainly due to change in fair value of investment in HMK Energy Pte Ltd of S$0.7 million. On the other hand, the Group has made additional investment of S$0.6 million in SPHomes Pte Ltd.

Inventories decreased by S$1.2 million due to better inventory management in reducing the stocks on hand.

Contract assets decreased by S$0.3 million as the level of contract activities was lower in FY2019 and some projects were completed during the year.

Trade and other receivables (current and non-current) increased by S$5.8 million mainly as a result of higher sales contributed by the Aircon Division towards the end of FY2019 but not due for collection. Non-current other receivables comprise keyman insurance policy of S$0.8 million.

Loans and borrowings (current and non-current) increased by S$37.8 million. Due to the implementation of SFRS(I) 16, we have recorded an increase in net lease liabilities of S$33.7 million in respect of such lease commitments of our leased properties in FY2019. Moreover, we also increased our usage of bank facilities for our business operations and investment purposes, and this increase amounted to S$4.1 million as at 31 December 2019.

Provisions (current and non-current) decreased by S$1.9 million mainly as a result of adopting SFRS(I) 16. Pursuant to this accounting standard, our provision of onerous contract arising from a lease previously recorded in the balance sheet was offset against our right of use assets, resulting in the decrease in provisions of S$1.7 million.

Contract liabilities decreased by S$1.2 million in FY2019 for the same reason our contract assets declined.

Trade and other payables increased by S$0.6 million in FY2019. This was mainly due to higher purchases made by our Aircon Division in the last few months of FY2019, and these resulted in an increase in trade and other payables of S$2.7 million. However, due to the adoption of SFRS(I) 16, non-cash deferred revenues arising from a lease of S$2.1 million previously recorded in trade and other payables was used to set off against our right of use assets at its initial recognition, resulting in a corresponding decrease in other payables.

The Group is in a net current liability position of S$1.3 million, and this is mainly a result of implementing of SFRS(I) 16. The Group's operating cash flow remains healthy and has sufficient unutilised bank facilities to meet its working capital needs.

Review of Statement of Cash Flows

In FY2019, we recorded net cash inflow of S$6.5 million before changes in working capital.

We recorded working capital outflows of S$2.8 million mainly attributed to an increase in trade and other receivables of S$5.8 million, set off by an increase in trade and other payables of S$2.7 million (see paragraph above discussing about the trade and other payables in the section "Review of Statements of Financial Position"). These were further offset by the reductions in inventories of S$1.2 million, contract assets of S$0.3 million, and contract liabilities of S$1.2 million.

The increases in trade and other receivables and trade and other payables are generally in line with the increases in our business activities towards the end of FY2019.

We recorded net cash used in investing activities of S$2.9 million in FY2019 mainly due to the purchase of plant and equipment of S$1.7 million, acquisition of Food Division of S$1.0 million, and investment in other investment of S$0.6 million. These were offset by the proceeds received from disposal of plant and equipment of S$0.4 million.

We recorded net cash used in financing activities of S$4.8 million in FY2019 mainly due to the payment of lease liabilities, interest and loans repayment which were offset by an increase in bills payables.

As a result, our cash and cash equivalents decreased by S$4.3 million in FY2019.

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

No forecast or prospect statement was 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.

The Board of Directors of the Company expects our operating environment and conditions to continue to be challenging for the next 12 months.

We will monitor closely any potential impact on our business arising from the current US-China trade tensions and just as critically, the recent outbreak of novel coronavirus globally.

We completed our acquisition of a food and beverage business on 1 July 2019, and are cautiously optimistic about the longer term prospects of this business.

On 19 July 2019, the Group announced a 20% investment in the customised furnishing manufacturing business. The Group expects the investment to provide joint sales and marketing opportunities for the Group, and also contribute long term investment return.

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
Not applicable.

(d) Books closure date
Not applicable.

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

No dividend has been declared for FY2019 as the Group made a loss.

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 IPT. There were no IPTs of S$100,000 and above in FY2019.

14. Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

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

PART II-ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. 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.

Operating segment

FY2019	Aircon	Investment	Paint	Food & Beverages	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue and expenses					
External revenue	134,228	3,982	4,512	932	143,654
Inter-segment revenue	10,955	498	2,786	76	14,315
Total revenue of reportable segments	145,183	4,480	7,298	1,008	157,969
Finance income	(22)	(22)	-	-	(44)
Finance costs	1,125	273	46	10	1,454
Depreciation and amortisation	2,714	3,406	274	186	6,580
Reportable segment profit/(loss) before tax	432	(1,140)	(14)	(1,155)	(1,877)
Other material non-cash items:					
-Provisions - net	-	(152)	-	-	(152)
Reportable segment assets	93,271	23,654	2,624	1,968	121,517
Capital expenditure	2,661	306	1	352	3,320
Reportable segment liabilities	67,884	25,407	7,762	2,859	103,912

Operating segment

FY2018	Aircon	Investment	Paint	Total
	S$'000	S$'000	S$'000	S$'000
Revenue and expenses				
External revenue	129,130	3,733	3,797	136,660
Inter-segment revenue	7,845	545	2,428	10,818
Total revenue of reportable segments	136,975	4,278	6,225	147,478
Finance income	(18)	(22)	-	(40)
Finance costs	491	228	208	927
Depreciation and amortisation	2,018	357	154	2,529
Reportable segment profit/(loss) before tax	1,168	(1,701)	(323)	(856)
Other material non-cash items:				
-Amortisation of deferred revenue	-	(1,300)	-	(1,300)
-Reversal of impairment loss on receivables - net	(367)	(88)	-	(455)
Reportable segment assets	79,017	1,462	2,374	82,853
Capital expenditure	4,125	183	15	4,323
Reportable segment liabilities	53,260	5,652	7,478	66,390

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	FY2019	FY2018
	S$'000	S$'000
Revenues		
Total revenue for reportable segments	157,969	147,478
Elimination of inter-segment revenue	(14,315)	(10,818)
Consolidated revenue	143,654	136,660
Profit or loss		
Total loss for reportable segments	(1,877)	(856)
Other losses	(1,297)	(865)
Elimination of inter-segment profit or loss	1,000	1,863
Consolidated (loss)/profit before income tax	(2,174)	142
Assets		
Total assets for reportable segments	121,517	82,853
Other assets	1,264	1,389
Elimination of inter-segment assets	(8,939)	(2,981)
Consolidated total assets	113,842	81,261
Liabilities		
Total liabilities for reportable segments	103,912	66,390
Other liabilities	284	241
Elimination of inter-segment liabilities	(9,198)	(6,832)
Consolidated total liabilities	94,998	59,799

Other material items in FY2019	**Reportable segment totals**	**Adjustments**	**Consolidated totals**
	S$'000	S$'000	S$'000
Finance income	(44)	43	(1)
Finance cost	1,454	(43)	1,411
Depreciation and amortisation	6,580	13	6,593
Change in fair value of financial asset at FVTPL	-	688	688
Capital expenditure	3,320	15	3,335

Other material items in FY2018	**Reportable segment totals**	**Adjustments**	**Consolidated totals**
	S$'000	S$'000	S$'000
Finance income	(40)	32	(8)
Finance cost	927	(32)	895
Depreciation and amortisation	2,529	26	2,555
Amortisation of deferred revenue	(1,300)	-	(1,300)
Reversal of impairment loss on receivables - net	(455)	-	(455)
Capital expenditure	4,323	4	4,327

16. 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.

17. A breakdown of sales as follows:

	Group		Increase/
	2019	2018	(Decrease)
	S$'000	S$'000	%
(a) Sales reported for first half year	67,258	65,991	1.9
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	55	(371)	NM
(c) Sales reported for second half year	76,396	70,669	8.1
(d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(2,691)	531	NM

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

Not applicable. No dividend has been declared for FY2019 and FY2018.

19. Disclosure of persons occupying managerial positions in the issuer or any of its principal subsidiaries who are relatives of a director, chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10) in the format set out below.

Not applicable. There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company as at the date of this announcement.

BY ORDER OF THE BOARD
Tsng Joo Peng
Chief Executive Officer and Executive Director
Singapore
20 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).