

Unaudited Financial Statements and Dividend Announcement for the Financial Year Ended 31 December 2018

The Board of Directors of 3Cenergy Limited (the “Company”) is pleased to announce the consolidated results for the financial year ended 31 December 2018. The figures presented in this announcement have not been audited or reviewed by the auditors of the Company.

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST and Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Part I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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.

Note	FULL YEAR ENDED		
	31 Dec 2018	31 Dec 2017	Increase / (decrease)
	S\$'000	S\$'000	%
Revenue	266	370	(28.1)%
Cost of services rendered and goods sold	(486)	(975)	(50.2)%
Gross loss	(220)	(605)	(63.6)%
Other operating income	1 319	133	139.8 %
Sales and distribution expenses	(6)	(11)	(45.5)%
General and administrative expenses	(35,338)	(2,834)	1,146.9 %
Finance costs	2 (3,558)	(8)	44,375.0 %
Share of loss in a joint venture	-	(45)	N.M.
Loss before tax	3 (38,803)	(3,370)	1,051.4 %
Income tax credit (expense)	4 4	(38)	N.M.
Loss for the year	(38,799)	(3,408)	1,038.5 %
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit & loss			
- Exchange differences on translation of financial statements of foreign subsidiaries	693	1,552	(55.3)%
Other comprehensive income for the year, net of tax	693	1,552	
Total comprehensive loss for the year	(38,106)	(1,856)	1,953.1 %
Attributable to:			
Owners of the Company	(38,799)	(3,408)	1,038.5 %
Loss for the year	(38,799)	(3,408)	1,038.5 %
Attributable to:			
Owners of the Company	(38,106)	(1,856)	1,953.1 %
Total comprehensive loss for the year	(38,106)	(1,856)	1,953.1 %
Loss per share attributable to the owners of the Company (cents per share)			
Basic	(1.56)	(0.25)	524.0 %
Diluted	(1.56)	(0.25)	524.0 %
Loss per share (cents per share)			
Basic	(1.56)	(0.25)	524.0 %
Diluted	(1.56)	(0.25)	524.0 %

Notes:

N.M. – Not meaningful

1(a)(ii) Breakdown and explanatory notes to the consolidated statement of comprehensive income.

Note 1 Other income comprised the following:

	FULL YEAR ENDED		
	31 Dec 2018	31 Dec 2017	Increase / (decrease)
	S\$'000	S\$'000	%
Government grants	3	1	200.0 %
Interest income	268	99	170.7 %
Miscellaneous income	48	33	45.5 %
	319	133	139.8 %

Notes: N.M. – Not meaningful

Note 2 Finance costs comprised the following:

	FULL YEAR ENDED		
	31 Dec 2018	31 Dec 2017	Increase / (decrease)
	S\$'000	S\$'000	%
Hire purchase interest	4	8	(50.0)%
Loan interest expense	3,554	-	N.M.
	3,558	8	44,375.0 %

Notes: N.M. – Not meaningful

Note 3 Loss before tax is stated after charging the following:

	FULL YEAR ENDED		
	31 Dec 2018	31 Dec 2017	Increase / (decrease)
	S\$'000	S\$'000	%
After charging:			
Staff costs (including directors' remuneration)	368	574	(35.9)%
Depreciation of plant and equipment	119	131	(9.2)%
Amortisation of other intangible assets	68	69	(1.4)%
Directors fees	90	101	(10.9)%
Rental of premises	134	131	2.3 %
Impairment on goodwill	-	1,000	N.M.
Impairment of land held for property development	33,633	-	N.M.
Stamp Duty	1	1	- %

Notes: N.M. – Not meaningful

Note 4 Income tax comprised the following:

	FULL YEAR ENDED		Increase / (decrease)
	31 Dec 2018	31 Dec 2017	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Current income tax expense	(3)	(40)	92.5 %
Deferred tax credit	7	2	250.0 %
	<u>4</u>	<u>(38)</u>	

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		
	31 Dec 2018	31 Dec 2017	01 Jan 2017	31 Dec 2018	31 Dec 2017	01 Jan 2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets						
Non-current assets						
Property, plant and equipment	72	190	282	14	75	127
Goodwill	-	-	1,000	-	-	-
Land held for property development	124,531	94,204	90,196	-	-	-
Deferred tax assets	3	-	-	-	-	-
Other intangible assets	206	274	343	-	-	-
Investments in subsidiaries	-	-	-	40,208	85,815	68,015
Investment in joint venture	-	105	150	-	150	150
	124,812	94,773	91,971	40,222	86,040	68,292
Current assets						
Trade receivables	19	25	55	-	-	-
Other receivables and deposits	211	199	126	69	31	-
Property development	-	63,214	55,404	-	-	-
Prepayments	40	35	20	40	35	19
Amount due from subsidiaries	-	-	-	17,805	170	12
Tax recoverable	19	-	-	-	-	-
Cash and cash equivalents	22,967	8,080	4,016	21,115	6,074	3,656
Pledged fixed deposit	45	44	43	-	-	-
	23,301	71,597	59,664	39,029	6,310	3,687
Total assets	148,113	166,370	151,635	79,251	92,350	71,979
Equity and liabilities						
Current liabilities						
Trade payables	42	670	1	1	39	-
Accruals and other payables	679	771	843	262	278	307
Amount due to customers for project management contracts	222	174	106	-	-	-
Amount due to subsidiaries	-	-	-	793	701	702
Amount due to joint venture	-	127	161	-	127	161
Finance lease liabilities	17	90	88	10	57	55
Bank borrowings	31,318	31,242	17,556	-	-	-
Shareholder loan	-	-	3,885	-	-	3,885
Income tax payable	-	3	-	-	-	-
	32,278	33,077	22,640	1,066	1,202	5,110
Non-current liabilities						
Finance lease liabilities	14	31	120	-	10	67
Bank borrowings	31,915	44,984	64,426	-	-	-
Deferred tax liabilities	-	4	6	-	-	-
	31,929	45,019	64,552	-	10	67
Total liabilities	64,207	78,096	87,192	1,066	1,212	5,177
Net assets	83,906	88,274	64,443	78,185	91,138	66,802
Equity attributable to owners of the Company						
Share capital	143,292	109,554	83,867	177,822	144,084	118,397
Accumulated losses and other reserves	(59,386)	(21,280)	(19,424)	(99,637)	(52,946)	(51,595)
Net equity	83,906	88,274	64,443	78,185	91,138	66,802
Total equity and liabilities	148,113	166,370	151,635	79,251	92,350	71,979

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u> 31,335	<u>S\$'000</u> -	<u>S\$'000</u> 31,332	<u>S\$'000</u> -

Amount repayable after one year

As at 31 Dec 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u> 31,929	<u>S\$'000</u> -	<u>S\$'000</u> 45,015	<u>S\$'000</u> -

The Group's borrowing mainly consist of bank borrowings and finance lease liabilities.

The bank borrowings are solely attributable to the term loans and revolving facilities recorded in 3C Marina Park Sdn. Bhd. ("3C Marina") which owns the legal and beneficial title to several parcels of undeveloped lands in Puteri Harbour, Johor Bahru, Malaysia (the "CN Lands").

3C Marina has a non-current term loan facilities of RM97 million (S\$31.91 million) from Public Bank Berhad ("PBB"). These term loans are secured by a charge over the lands and a general debenture that created a fixed and floating charge over the assets of 3C Marina. The short term bank borrowings of RM95 million (S\$31.32 million) which is also from 3C Marina comprises of term loans and several revolving facilities from PBB. The revolving credit facilities are secured by a charge over the lands and a second general debenture that created a fixed and floating charge over the assets of 3C Marina.

The finance lease liabilities related to purchase of office equipment and motor vehicle for the Group's operations. The finance lease for the office equipment is payable in 44 monthly installments with effect from July 2015. The finance lease for the motor vehicle is payable in 84 monthly installments with effect from November 2014.

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.

	Group	
	Financial Year Ended	
	31 Dec 2018	31 Dec 2017
	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Loss before taxation	(38,803)	(3,370)
Adjustments for:		
Depreciation of property, plant and equipment	119	131
Amortisation of other intangible assets	68	69
Share of loss in a joint venture	-	45
Impairment of goodwill	-	1,000
Impairment of land held for property development	33,633	
Interest income	(268)	(99)
Interest expense	3,558	8
Negative goodwill	(47)	-
Unrealised exchange differences	53	998
Operating cash flows before changes in working capital	(1,687)	(1,218)
Decrease/(Increase) in receivables	10	(58)
Increase in amount due to customers for project management accounts	48	67
(Decrease)/Increase/ in payables	(967)	341
Cost recovery/(Expenditure) on land held for property development	74	(5,356)
Cash used in operations	(2,522)	(6,224)
Interest received	268	99
Interest paid	(3,319)	(3,928)
Income tax paid	(21)	(35)
Net cash used in operating activities	(5,594)	(10,088)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(26)
Cash inflow from acquisition of a subsidiary	12	-
Net cash from / (used in) investing activities	12	(26)
Cash flows from financing activities		
Decrease in amount due to a joint venture	-	(33)
Repayment of shareholders loan	-	(3,885)
Repayment of bank borrowings	(13,179)	(7,504)
Repayment of obligations under finance leases	(90)	(87)
Proceeds on issue of shares	33,738	25,687
Net cash from financing activities	20,469	14,178
Net increase in cash and cash equivalents	14,887	4,064
Cash and cash equivalents at beginning of the year	8,080	4,016
Cash and cash equivalents at end of the year	22,967	8,080

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.

	Attributable to owners of the Company			
	Share capital	Translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Group				
Balance at 1 January 2017	83,867	(2,340)	(17,084)	64,443
Issuance of shares	25,687	-	-	25,687
Loss for the year	-	-	(3,408)	(3,408)
Other comprehensive income for the year, net of tax	-	1,552	-	1,552
Total comprehensive income (loss) for the year	-	1,552	(3,408)	(1,856)
Balance at 31 December 2017	109,554	(788)	(20,492)	88,274
Balance at 1 January 2018	109,554	(788)	(20,492)	88,274
Issuance of shares	33,738	-	-	33,738
Loss for the year	-	-	(38,799)	(38,799)
Other comprehensive income for the year, net of tax	-	693	-	693
Total comprehensive income (loss) for the year	-	693	(38,799)	(38,106)
Balance at 31 December 2018	143,292	(95)	(59,291)	83,906
Company				
Attributable to owners of the Company				
	Share capital	Translation reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	118,397	-	(51,595)	66,802
Issuance of shares	25,687	-	-	25,687
Loss for the year representing total comprehensive loss for the year	-	-	(1,351)	(1,351)
Balance at 31 December 2017	144,084	-	(52,946)	91,138
Balance at 1 January 2018	144,084	-	(52,946)	91,138
Issuance of shares	33,738	-	-	33,738
Loss for the year representing total comprehensive loss for the year	-	-	(46,691)	(46,691)
Balance at 31 December 2018	177,822	-	(99,637)	78,185

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.

(A) Share Capital

	Company	
	No of shares issued	Share capital S\$'000
Issued and fully paid:		
As at 1 January 2018	1,533,526,989	144,084
Issue of new shares pursuant to the Rights Issue	1,431,889,098	31,502
Issue of new shares pursuant to the Subscription	101,637,891	2,236
As at 30 June 2018 / 31 December 2018	<u>3,067,053,978</u>	<u>177,822</u>

During the current financial year, the Company had on 18 May 2018 completed a rights issue of 1,431,889,098 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S\$0.022 for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (the "Shares") held by the shareholders of the Company ("Rights Issue").

The Company had also completed placement of 101,637,891 new ordinary shares (the "Subscription Shares") in the capital of the Company (the "Subscription") at an issue price of S\$0.022 for each Subscription Share on 18 May 2018.

From 1 July 2018 to 31 December 2018, there were no changes in the Company's share capital.

(B) Convertibles and treasury shares

The Company has 989,372,086 outstanding Warrants as at 31 December 2018 (31 December 2017: 766,763,494) representing approximately 32% of the total number of issued ordinary shares of the Company (excluding treasury shares). Each Warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.078 for each new ordinary share and is exercisable during a three year period from the date of issue.

As at 31 December 2017 and 31 December 2018, the Company did not hold any treasury shares and there were no subsidiary holdings.

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.

	Company	
	As at 31-Dec-18	As at 31-Dec-17
Total number of issued shares (excluding treasury shares)	<u>3,067,053,978</u>	<u>1,533,526,989</u>

The Company had no treasury shares as at 31 December 2018 and 31 December 2017.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

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

Not applicable. The Company did not have any 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 Company's auditor.

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.

Save as disclosed in paragraph 5 below, the Group had consistently applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year reported as in the audited financial statements for the financial year ended 31 December 2017.

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.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the Singapore Financial Reporting Standards (International) (SFRS(I)s), that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018.

The Group has adopted a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I)s for the year ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's and Company's opening Statements of Financial Position under SFRS(I)s have been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

The adoption of SFRS(I)s do not result in significant changes to the Group's accounting policies and have no material impact effect on the amounts reported for the current financial year ended 31 December 2018 or prior periods.

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

	Group	
	31-Dec-18	31-Dec-17
Loss per share from continuing operations (in cents):-		
(a) Basic loss based on the weighted average number of ordinary shares on issue	(1.56)	(0.25)
(b) On fully diluted basis	(1.56)	(0.25)
Weighted average number of shares used in computation of basic earnings per share	2,491,456,177	1,377,023,207

Basic loss per ordinary share is computed by dividing the net loss attributable to the equity holders in each financial year by the weighted average number of ordinary shares in issue during the respective financial year.

The basic and fully diluted loss per share for the current financial year were the same as the outstanding Warrants have no dilutive effect because the market price of ordinary shares is lower than the exercise price (ie they are ‘out of the money’). There was no dilutive ordinary share in existence for the previous 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 period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net asset value (“NAV”) per ordinary share based on issued share capital (in cents)	2.74	5.76	2.55	5.94
Number of Issued shares	3,067,053,978	1,533,526,989	3,067,053,978	1,533,526,989

The NAV per ordinary share for the Group and the Company as at 31 December 2018 and 31 December 2017 were calculated based on the respective NAV for the Group and the Company divided by the number of issued shares as at the respective balance sheet date.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

INCOME STATEMENT

Overview

On 18 May 2018, the Company announced the completion of both Rights Issue and Subscription. The new ordinary shares are listed on Catalist on 22 May 2018.

The Group's loss, net of tax had increased from approximately S\$3.41 million in financial year ended 31 December 2017 (“FY2017”) to approximately S\$38.80 million in financial year end 31 December 2018 (“FY2018”) mainly due to the increase in general and administrative expenses and finance costs of S\$32.50 million and S\$3.55 million respectively, which was being offset by the reduction in gross loss of S\$0.39 million and increase in other operating income of S\$0.19 million.

Revenue

The Group's revenue mainly derived from project management services rendered by Orientis Solutions Sdn Bhd ("OSSB") and it has decreased by approximately S\$104,000 or 28.1% from S\$370,000 in FY2017 to S\$266,000 in FY2018. The decrease was mainly due to lower revenue recognition from one of the project management contract in FY2018 as compared to FY2017. OSSB provides architectural design, project financial feasibility assessment, engineering expertise and construction management services.

Gross loss

In FY2018, the Group's gross loss decreased by approximately S\$385,000 or 63.6% from S\$605,000 in FY2017 to S\$220,000 in FY2018. It is mainly attributable to cost reduction measures i.e. headcounts reduction taken by the Group during the financial year.

Other operating income

Other operating income comprised mainly interest income, negative goodwill and government grants. Other operating income has increased by approximately S\$186,000 or 139.8% from S\$133,000 in FY2017 to S\$319,000 in FY2018. The increase was mainly due to increase in interest income by S\$169,000.

General and administrative expenses ("G&A Expenses")

G&A Expenses comprised mainly impairment loss, salaries and related costs, audit fees, secretarial fees, tax fees, professional fees, rental, and printing and stationeries expenses. The G&A Expenses has increased by approximately S\$32.50 million or over 100% from S\$2.83 million in FY2017 to S\$35.34 million in FY2018. The increase was mainly due to impairment of land held for property development of S\$33.63 million provided in FY2018 arising from the reclassification from property development to land held for property development and deferment of the project. The increase in G&A Expenses was also due to foreign exchange loss has increased by approximately S\$268,000 from S\$269,000 recorded in FY2018 to approximately S\$1,000 recorded in FY2017. The increase in G&A Expenses was mitigated by the absence of impairment of goodwill in FY2018 as compared to S\$1 million recorded in FY2017. Furthermore, staff costs, professional fees and marketing expenses were decreased by approximately S\$206,000, S\$80,000 and S\$150,000 respectively in FY2018 as compared to FY2017.

Finance Costs

Finance costs comprised mainly loan interest expense. Interest expense has increased significantly by approximately S\$3.55 million or more than 100% from S\$8,000 in FY2017 to S\$3.56 million in FY2018 mainly due to expensed off loan interest expense directly attributable to property development. The capitalisation of loan interest expense ceased because of the activities related to development have been suspended during FY2018.

BALANCE SHEET

Property, plant and equipment decreased by S\$118,000 from S\$190,000 as at 31 December 2017 to S\$72,000 as at 31 December 2018. The decrease was mainly due to depreciation of non-current assets of the Group.

Land held for property development of S\$124.53 million as at 31 December 2018 relates to the land cost and borrowing cost previously capitalised for the three parcels of undeveloped lands held by 3C Marina. Land held for property development will be transferred to property development cost when development activities commence and are expected to be complete within the Group's normal operating cycle. Land held for property development increased by approximately S\$30.11 million in net mainly due to (i) transfer of property development which was classified under current assets as at 31 December 2017 and (ii) impairment loss of S\$33.63 million provided in FY2018.

Other intangible assets decreased by approximately S\$68,000 from S\$274,000 as at 31 December 2017 to S\$206,000 as at 31 December 2018, due to amortisation of assets during the financial year.

Investment in joint venture reduced to nil as at 31 December 2018 from S\$105,000 as at 31 December 2017 due to the acquisition of remaining 40% equity interest in 3C Property Consultants Pte Ltd by the Company and it became wholly-owned subsidiary on 8 January 2018.

Property development comprised costs of lands, direct materials, direct labour, other direct costs attributable overheads, borrowing costs and payments to subcontractors arising from the land held by 3C Marina. As at 31 December 2018, the property development is nil as compared to S\$63.21 million as at 31 December 2017. As it is expected no development activities will be carried on during the next twelve months, hence the whole amount has been transferred to non-current asset, land held for property development.

Cash and cash equivalents increased by approximately S\$14.89 million mainly due to proceeds received from the Rights Issue and Subscription, which was partially offset by payments made for term loans instalments and working capital purposes.

Trade payables decreased by S\$628,000 from S\$670,000 as at 31 December 2017 to S\$42,000 as at 31 December 2018, mainly due to payment made for the development expenses.

Other payables and accruals decreased by approximately S\$92,000 from S\$771,000 as at 31 December 2017 to S\$679,000 as at 31 December 2018, mainly due to decrease in payroll accrual and unconsumed leave accrual as at 31 December 2018.

Amount due to customers for project management contracts increased by S\$48,000 from S\$174,000 as at 31 December 2017 to S\$222,000 as at 31 December 2018. The increase was mainly due to the increase in progress billings recognised in 2018 for OSSB.

The current and non-current bank borrowings of the Group amounted to S\$63.23 million and S\$76.23 million as at 31 December 2018 and 31 December 2017 respectively. The bank borrowings reduced by S\$13 million because of repayments made during the financial year.

The current and non-current finance lease liabilities decreased by S\$90,000 from S\$121,000 as at 31 December 2017 to S\$31,000 as at 31 December 2018, mainly due repayments made during the financial year.

The Group reported a negative working capital of S\$8.98 million as at 31 December 2018 as compared to positive working capital of S\$38.52 million as at 31 December 2017. Cash balance outstanding as at 31 December 2018 stood at approximately S\$23.01 million.

CASH FLOW STATEMENT

Net cash used in operating activities in FY2018 was approximately S\$5.59 million, mainly due to an operating cash outflow of approximately S\$1.69 million before changes in working capital, decrease in payables of S\$967,000 and interest paid of S\$3.32 million. This was partially offset by interest income received of S\$268,000 and cost recovery on land held for property development of S\$74,000 during the financial year.

Net cash from investing activities in FY2018 was approximately S\$12,000, which was due to the cash inflow from acquisition of a subsidiary.

Net cash from financing activities in FY2018 was approximately S\$20.47 million, which was mainly due to proceeds from the Rights Issue and Subscription with total of S\$33.74 million, partially offset by the repayments of finance lease commitments and bank borrowings of S\$90,000 and S\$13.18 million respectively.

The Group recorded a net increase in cash and cash equivalents of approximately S\$14.89 million in FY2018 as compared to an increase of S\$4.06 million in FY2017.

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

Not Applicable.

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 will focus on re-planning the development of CN Lands following deferment of the project and pursue new business opportunities for property development as and when they arise.

The Group continues to expect the property market conditions to remain challenging.

The remaining unutilised proceeds from the Rights Issue which recorded as cash and cash equivalents in the book is expected to be utilised by end 2019 for the partial repayment of Term Loans and working capital in accordance with the intended use as disclosed in the Offer Information Statement. The Group will be exploring options for additional funds in the second half of the year to repay bank borrowings and working capital beyond 2019.

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) Whether the dividend is before tax, net of tax or tax-exempt

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend has been declared or recommended for FY2018.

13. **If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“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 had obtained a general mandate from shareholders for IPT which was approved at the Company’s annual general meeting on 10 April 2018.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders’ general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under Shareholders’ general mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
	S\$	S\$
Publiq Development Group Sdn Bhd Project Consultancy Services & recovery of incidentals	-	200,620

Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. **Segmented revenue and results for the 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.**

Segment information

The Company considers that the entire Group’s operations constitute a single business segment, which is real estate and property development consultancy and two geographical segments which are Singapore and Malaysia. Accordingly, no business segment information is presented.

(a) Geographical segments

	Revenue from external customers		Non-current assets	
	2018	2017	2018	2017
	S\$’000	S\$’000	S\$’000	S\$’000
Singapore	43	-	14	180
Malaysia	223	370	124,798	94,593
	<u>266</u>	<u>370</u>	<u>124,812</u>	<u>94,773</u>

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

Not applicable, as the Group only operates in a single business segment.

16. A breakdown of sales and results as follows:

	Group		
	1 Jan 2018 to 31 Dec 2018	1 Jan 2017 to 31 Dec 2017	Increase / (decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	122	201	(39.3)%
(b) Operating loss after tax reported for the first half year	(992)	(1,376)	(27.9)%
(c) Sales reported for second half year	144	169	(14.8)%
(d) Operating loss after tax reported for the second half year	(37,807)	(2,032)	1,760.6 %

17. 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 recommended and declared for FY2018 and FY2017.

18. 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).

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
Tong Kooi Lian	57	Sister of Tong Kooi Ong, Non-Independent and Non-Executive Chairman and Controlling Shareholder of the Company.	Ms Tong was appointed as Managing Director and CEO of the Company on 17 June 2013. She is responsible for the overall management of the Group.	Resigned on 30 June 2018

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

20. Update on the use of Rights Issue proceeds

Intended use of proceeds	Amount Allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Expenses incurred in relation to Rights Issue ⁽¹⁾	300	(258)	42
Partial repayment of Term Loans	20,718	(8,498)	12,220
General working capital ⁽²⁾	10,484	(2,848)	7,636
Total	31,502	(11,604)	19,898

Notes:

- (1) Expenses incurred in relation to the Rights Issue relate to Professional Fees and Listing Fees.
- (2) General working capital includes directors' fees, salary related expenses, payment to supplier, expenses incurred in connection with the Land Development and other operating costs.

The use of proceeds from the Rights Issue as disclosed above is in accordance with the intended uses as disclosed in the Offer Information Statement.

The Board will continue to provide periodic announcements on the utilisation of the balance of the proceeds from Rights Issue as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half yearly and full-year financial statements.

BY ORDER OF THE BOARD

Chung Chee Khuen
Group Managing Director and Chief Executive Officer
Date: 1 March 2019