Company Registration Number: 201801373N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018

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PROPNEX LIMITED
Company Registration Number: 201801373N

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018

The Board of Directors (the "**Board**") of PropNex Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2018.

1(a)(i) Consolidated Statements of Profit or Loss

	Group					
In S$'000	4Q 2018	4Q 2017 Restated^	Change (%)	FY 2018	FY 2017 Restated^	Change (%)
Revenue	82,999	99,310	(16.4)	431,539	331,851	30.0
Cost of services rendered	(75,283)	(89,139)	(15.5)	(390,177)	(298,096)	30.9
Gross Profit	7,716	10,171	(24.1)	41,362	33,755	22.5
Finance income	317	55	NM	726	121	NM
Other income	725	750	(3.3)	3,476	2,817	23.4
Staff costs	(4,600)	(2,845)	61.7	(12,069)	(8,283)	45.7
Depreciation of plant and equipment	(216)	(129)	67.4	(747)	(373)	NM
Amortisation of trademark	(7)	-	NM	(30)	-	NM
IPO expenses	-	-	NM	(1,113)	-	NM
Other expenses	(1,840)	(1,681)	9.5	(5,232)	(5,847)	(10.5)
Share of loss of associates	-	(33)	NM	-	(33)	NM
Profit before tax	2,095	6,288	(66.7)	26,373	22,157	19.0
Tax expense	(221)	(1,147)	(80.7)	(4,436)	(3,271)	35.6
Profit for the period	1,874	5,141	(63.5)	21,937	18,886	16.2
Profit attributable to:						
Owners of the Company	1,830	4,326	(57.7)	19,412	16,273	19.3
Non-controlling interests	44	815	(94.6)	2,525	2,613	(3.4)
Profit for the period	1,874	5,141	(63.5)	21,937	18,886	16.2
Profit for the period excluding IPO expenses	1,874	5,141	(63.5)	23,050	18,886	22.0

^ The reasons for the restatement is disclosed in Note 5.

NM – Not meaningful

1(a)(ii) Consolidated Statements of Comprehensive Income

In S$'000	Group 4Q 2018	4Q 2017	Change (%)	FY 2018	FY 2017	Change (%)
Profit for the period	1,874	5,141	(63.5)	21,937	18,886	16.2
Other comprehensive income, net of tax						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operation	-	(1)	NM	-	(1)	NM
Other comprehensive income for the period, net of tax	-	(1)	NM	-	(1)	NM
Total comprehensive income for the period	1,874	5,140	(63.5)	21,937	18,885	16.2
Total comprehensive income attributable to:						
Owners of the Company	1,830	4,325	(57.7)	19,412	16,272	19.3
Non-controlling interests	44	815	(94.6)	2,525	2,613	(3.4)
Total comprehensive income for the period	1,874	5,140	(63.5)	21,937	18,885	16.2

NM – not meaningful

1(a)(iii) Notes to Consolidated Income Statement

Profit for the period is determined after (crediting)/charging the following:

In S$'000	Group 4Q 2018	4Q 2017	FY 2018	FY 2017
Profit for the period is determined after (crediting)/charging the following:				
Interest income	(317)	(55)	(726)	(121)
Amortisation of trademark	7	-	30	-
Bad debts written off	114	-	116	250
Depreciation of plant and equipment	216	130	747	373
Foreign exchange loss/(gain)	4	-	18	(1)
Impairment losses on trade and other receivables	18	371	64	980
Loss on disposal of property, plant and equipment	-	-	3	1
Plant and equipment written off	3	31	37	31
Over provision of prior years' tax	(226)	(32)	(226)	(37)

1(b)(i) Statements of Financial Position

In S$'000	Group			Company
	31-Dec-18	31-Dec-17 Restated^	1-Jan-17 Restated^	**31-Dec-18***
Assets				
Plant and equipment	2,794	1,747	683	-
Trademark	188	8	8	180
Investment in subsidiaries	-	-	-	18,098
Deferred tax asset	1	-	-	1
Non-current assets	2,983	1,755	691	18,279
Trade and other receivables	63,458	62,926	34,025	18,017
Cash and cash equivalents	75,671	27,676	16,130	39,139
Total current assets	139,129	90,602	50,155	57,156
Total assets	142,112	92,357	50,846	75,435
Equity				
Share capital	57,491	435	435	57,491
Merger reserve	(17,663)	-	-	-
Translation reserve	(1)	(1)	-	-
Capital reserve	607	607	607	-
Accumulated profits	26,443	17,057	10,480	14,792
Equity attributable to owners of the Company	66,877	18,098	11,522	72,283
Non-controlling interests	3,521	3,062	1,510	-
Total equity	70,398	21,160	13,032	72,283
Liabilities				
Deferred tax liability	169	144	31	-
Non-current liability	169	144	31	-
Trade and other payables	65,761	67,211	36,001	3,016
Current tax liabilities	4,856	3,194	1,160	136
Deferred income	928	648	622	-
Current liabilities	71,545	71,053	37,783	3,152
Total liabilities	71,714	71,197	37,814	3,152
Total equity and liabilities	142,112	92,357	50,846	75,435

^ The reasons for the restatement is disclosed in Note 5.
* No comparative figures were presented as the Company was incorporated on 10 January 2018.

1(b)(ii) Group's Borrowings and Debt Securities

(a) The amount repayable in one year or less, or on demand

Nil

(b) The amount repayable after one year

Nil

(c) Whether the amounts are secured or unsecured

Not applicable

(d) Details of any collaterals

Not applicable

1(c) Consolidated Statements of Cash Flows

	Group			
In S$'000	**4Q 2018**	4Q 2017	**FY 2018**	FY 2017
Cash flows from operating activities				
Profit for the year	1,874	5,141	21,937	18,886
Adjustments for:				
Amortisation of trademark	7	-	30	-
Bad debts written off	114	-	116	250
Depreciation of plant and equipment	216	129	747	373
Impairment losses on trade and other receivables	18	371	64	980
Interest income	(317)	(55)	(726)	(121)
Loss on disposal of plant and equipment	-	-	3	1
Plant and equipment written off	3	31	37	31
Share of loss of associate	-	33	-	33
Tax expense	221	1,147	4,436	3,271
	2,136	6,797	26,644	23,704
Changes in:				
- trade and other receivables	15,731	1,797	712	(30,130)
- trade and other payables	(17,921)	(3,777)	(1,450)	31,209
- deferred income	(134)	(5)	280	26
Cash (used)/generated from operations	(188)	4,812	26,186	24,809
Tax paid	(2)	(106)	(3,250)	(1,160)
Tax refunded	284	36	284	36
Net cash from operating activities	94	4,742	23,220	23,685
Cash flows from investing activities				
Acquisition of plant and equipment	(944)	(1,194)	(1,846)	(1,472)
Acquisition of trademark	-	-	(210)	-
Investment in associate	-	(33)	-	(33)
Interest received	317	55	726	121
Proceeds from sale of plant and equipment	-	-	12	2
Net cash used in investing activities	(627)	(1,172)	(1,318)	(1,382)
Cash flows from financing activities				
Dividends paid to owners	-	-	(11,228)	(9,696)
Dividends paid to non-controlling interests	-	-	(2,072)	(1,061)
Share issuance expenses	-	-	(1,492)	-
Proceeds from issue of IPO shares	-	-	40,885	-
Net cash from/(used in) financing activities	-	-	26,093	(10,757)
Net (decrease)/increase in cash and cash equivalents	(533)	3,570	47,995	11,546
Cash and cash equivalents at beginning of the financial period	76,143	24,045	27,615	16,069
Cash and cash equivalents at end of the financial period	75,610	27,615	75,610	27,615
Additional information:				
Cash at bank and on hand	75,671	27,676	75,671	27,676
Less: bank deposits pledged	(61)	(61)	(61)	(61)
Total cash and cash equivalents	75,610	27,615	75,610	27,615

1(d)(i) Consolidated Statement of Changes in Equity

In S$'000 GROUP - 2018	Attributable to owners of the Company							
	Share capital	Merger reserve	Capital reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interest	Total equity
As at 1 January 2018								
– As previously reported	435	-	607	(1)	17,057	18,098	3,062	21,160
– Effect of SFRS(I) 9^	-	-	-	-	1,202	1,202	6	1,208
As at 1 January 2018	435	-	607	(1)	18,259	19,300	3,068	22,368
Profit for the period	-	-	-	-	19,412	19,412	2,525	21,937
Other comprehensive income								
– Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	19,412	19,412	2,525	21,937
Transaction with owner, recognised directly in equity								
Distributions to owners								
Dividends paid	-	-	-	-	(11,228)	(11,228)	(2,072)	(13,300)
Total transaction with owners of the Company	-	-	-	-	(11,228)	(11,228)	(2,072)	(13,300)
Contribution by owners								
Adjustment from restructuring exercise*	17,663	(17,663)	-	-	-	-	-	-
Issuance of new shares	40,885	-	-	-	-	40,885	-	40,885
Share issuance expenses	(1,492)	-	-	-	-	(1,492)	-	(1,492)
	57,056	(17,663)	-	-	-	39,393	-	39,393
As at 31 December 2018	57,491	(17,663)	607	(1)	26,443	66,877	3,521	70,398

* Merger reserve represent the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of shares of subsidiaries acquired during the restructuring exercise, which is accounted for as a business combination under common control.

^ The reasons for the restatement is disclosed in Note 5.

1(d)(i) Consolidated Statement of Changes in Equity (Cont'd)

In S$'000 GROUP - 2017	Share capital	Capital reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interest	Total equity
	Attributable to owners of the Company						
As at 1 January 2017							
– As previously reported	435	607	12	10,468	11,522	1,510	13,032
– Effect of SFRS(I) 1^	-	-	(12)	12	-	-	-
As at 1 January 2017	435	607	-	10,480	11,522	1,510	13,032
Profit for the year	-	-	-	16,273	16,273	2,613	18,886
Other comprehensive income							
– Foreign currency translation	-	-	(1)	-	(1)	-	(1)
Total comprehensive income	-	-	(1)	16,273	16,272	2,613	18,885
Transaction with owner, recognised directly in equity							
Distributions to owners							
Dividends paid	-	-	-	(9,696)	(9,696)	(1,061)	(10,757)
Total transaction with owners of the Company	-	-	-	(9,696)	(9,696)	(1,061)	(10,757)
As at 31 December 2017	435	607	(1)	17,057	18,098	3,062	21,160

^ The reasons for the restatement is disclosed in Note 5.

1(d)(i) Consolidated Statement of Changes in Equity (Cont'd)

In S$'000	Attributable to owners of the Company Share capital	Accumulated losses	Total equity
COMPANY - 2018			
As at 10 January 2018 (date of incorporation)	-*	-	-
Profits for the period	-	14,792	14,792
Total comprehensive income	-	14,792	14,792
Transaction with owner, recognised directly in equity			
Contribution by owners			
Adjustment from restructuring exercise	18,098	-	18,098
Issuance of new shares	40,885	-	40,885
Share issuance expenses	(1,492)	-	(1,492)
	57,491	-	57,491
As at 31 December 2018	57,491	14,792	72,283

* The Company was incorporated on 10 January 2018 with an issued and paid up capital of S$1.

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.

Details of changes in the issued and paid-up capital since 31 December 2017 are as follow:

	Group		**Company**	
	No. of shares	S$	No. of shares	S$
As at 1 January 2018	450,002	435,002	-	-
Incorporation of the Company on 10 January 2018	1	1	1	1
Adjustment arising restructuring exercise	306,649,997	17,663,164	307,099,999	18,098,166
Issuance of new shares	62,900,000	40,885,000	62,900,000	40,885,000
Share issuance expenses	-	(1,492,438)	-	(1,492,438)
As at 31 December 2018	370,000,000	57,490,729	370,000,000	57,490,729

There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 31 December 2018 and 31 December 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2018, the Company’s issued ordinary shares, excluding treasury shares, is 370,000,000. The Company did not have any treasury shares as at 31 December 2018. There are no comparative figures as at 31 December 2017 as the Company was incorporated on 10 January 2018.

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

Not applicable.

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 auditors.

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.

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements for the 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 effect of, the change.

Full convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)") and adoption of new standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) on 1 January 2018. In addition to the adoption of the new framework, the Group concurrently applies the new SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

The Group does not expect the application of the new standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 1 ***First-time Adoption of Singapore Financial Reporting Standards (International)***

In adopting SFRS(I) in 2018, the Group applied the transition requirement in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the new mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

Foreign currency translation reserve ("FCTR")

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for its foreign operation to nil at date of transition, and reclassified the cumulative of FCTR of S$11,645 as at 1 January 2017 determined in accordance with FRS to the retained earnings. After the date of transition, any gain or loss on disposal of its foreign operation will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR decreased by S$11,645 and retained earnings increased by the same amount as at 31 December 2017.

SFRS(I) 15 ***Revenue from Contracts with Customers***

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively and the information presented for 2017 has been restated.

The expected impact upon the adoption of SFRS(I) 15 are described below.

The Group enters into certain co-broking arrangements with co-brokers in the provision of real estate agency services and real estate project marketing services. The commission income was recognised on the gross basis under the current risk-and-reward approach in 2017. The Group has assessed the co-broking arrangement with co-brokers to determine whether the Group is acting as an agent or a principal under the new transfer-of-control approach. The Group recognises the commission income with co-broking arrangements on a net basis under SFRS(I) 15 as the Group is able to control the extent of its performance obligation to services its customers but unable to entirely control or satisfy the performance obligations by the third party co-brokers.

The expected impact on the comparative figures is as follows:

	4Q 2017			FY 2017		
In S$'000	**Previous framework**	**SFRS(I) 15 adjustment**	**SFRS(I) Framework**	**Previous framework**	**SFRS(I) 15 adjustment**	**SFRS(I) Framework**
Revenue	109,001	(9,691)	99,310	361,255	(29,404)	331,851
Cost of sales	(98,830)	9,691	(89,139)	(327,500)	29,404	(298,096)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 *Financial Instruments sets out* requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new "expected credit loss" ("ECL") model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement.* Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognized in retained earnings as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I). Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

The impact on adoption of SFRS(I) 9 are described below.

Impairment

The Group's financial assets consist of loans and receivables that were classified as loans and receivables under FRS 39 are now reclassified at amortised cost.

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost. Under SFRS(I) 9, the Group's loss allowances are measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applied the simplified approach and record lifetime ECL on all trade receivables. For the non-trade receivables, the Group applied the general approach and record 12-month ECL on non-trade receivables. Based on the assessment, the Group recorded a decrease of impairment for trade and other receivables of S$1,424,214 and an increase of deferred tax liabilities of S$216,463 as at 1 January 2018, with a net adjustment of S$1,201,707 to the opening retained earnings as at 1 January 2018.

6 Earnings Per Ordinary Share

Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:	**4Q 2018**	4Q 2017	Change (%)	**FY 2018**	FY 2017	Change (%)
	Group					
(i) Based on the weighted average number of shares (cents)	0.49	1.41	(65.2)	5.72	5.30	7.9
- Weighted average number of shares (‘000)	370,000	307,100		339,153	307,100	
(ii) On a fully diluted basis (cents)	0.49	1.41	(65.2)	5.72	5.30	7.9
- Adjusted weighted average number of shares (‘000)	370,000	307,100		339,153	307,100	

Note: For comparative purposes, the basic/diluted earnings per share have been computed based on the share capital assuming the restructuring exercise was effected.

7 Net Asset Value Per Share

	Group			Company
	31-Dec-18	31-Dec-17	Change (%)	**31-Dec-18**
Net asset value per ordinary share based on issued share capital, excluding treasury shares (cents)	18.07	5.89	206.8	19.54

Note: For comparative purposes, the net asset value per share have been computed based on the share capital assuming the restructuring exercise was effected.

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 period reported on.

Review of Group Performance

4Q2018 vs 4Q2017

Revenue
Revenue decreased by approximately S$16.3 million or 16.4%, from S$99.3 million in 4Q2017 to S$83.0 million in 4Q2018 due mainly to the decrease in commission income from project marketing services of approximately S$16.6 million or 50.8%, from S$32.7 million in 4Q2017 to S$16.1 million in 4Q2018. The main cause of this decrease is the drop in the number of units transacted in 3Q2018 following the introduction of additional cooling measures in July 2018. As revenue recognition usually happens two to three months after booking a sale transaction, due to the time lag required to process the various sales related documents, the impact of the decrease in volume of units transacted in 3Q2018 will only be reflected as a decrease in revenue in 4Q2018.

Cost of services
Cost of services decreased by approximately S$13.8 million or 15.5%, from S$89.1 million in 4Q2017 to S$75.3 million in 4Q2018. This was mainly due to the decrease in commission cost to salespersons which is in tandem with the decrease in revenue.

Gross profit
Gross profit decreased by approximately S$2.5 million or 24.1%, from S$10.2 million in 4Q2017 to S$7.7 million in 4Q2018. This was mainly attributed to the decrease in contribution from project marketing services.

Finance income
Finance income increased by approximately S$0.2 million, from S$0.1 million in 4Q2017 to S$0.3 million in 4Q2018. This is mainly due to interest earned on higher bank balance.

Operating expenses
Staff cost increased by approximately S$1.8 million or 61.7%, from S$2.8 million in 4Q2017 to S$4.6 million in 4Q2018. This was mainly due an increase in salary as well as an increase in the average staff headcount from 150 in 4Q2017 to 170 in 4Q2018.

Depreciation of plant and equipment increased by approximately S$0.1 million or 67.4%, from S$0.1 million in 4Q2017 to S$0.2 million in 4Q2018 mainly due to additions during the year amounting to approximately S$1.8 million.

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 period reported on (cont'd).

Other expenses increased by approximately S$0.1 million or 9.5%, from S$1.7 million in 4Q2017 to S$1.8 million in 4Q2018. The increase was mainly due to the increase in advertising and marketing expenses by approximately S$0.2 million.

Profit before tax
As a result of the above, profit before tax decreased by approximately S$4.2 million or 66.7%, from S$6.3 million in 4Q2017 to S$2.1 million in 4Q2018.

Tax expense
Tax expense decreased by approximately S$0.9 million or 80.7%, from approximately S$1.1 million in 4Q2017 to tax expense of approximately S$0.2 million in 4Q2018. The decrease is in line with lower profit in 4Q2018.

FY2018 vs FY2017

Revenue
Revenue increased by approximately S$99.7 million or 30.0%, from S$331.9 million in FY2017 to S$431.6 million in FY2018. This was mainly due to the increase in commission income from agency services of approximately S$91.2 million or 42.1%, from S$216.6 million in FY2017 to S$307.8 million in FY2018 and the increase in commission income from project marketing services of approximately S$7.5 million or 6.8%, from S$109.8 million in FY2017 to S$117.3 million in FY2018. The increase in commission income from agency services and project marketing services was the result of the growth in the Group's sales force from 6,684 as at 1 January 2018 to 7,510 as at 18 February 2019.

Cost of services
Cost of services increased by approximately S$92.1 million or 30.9%, from S$298.1 million in FY2017 to S$390.2 million in FY2018. This was mainly due to the increase in commission cost to salespersons which is in tandem with the increase in revenue.

Gross profit
Gross profit increased by approximately S$7.6 million or 22.5%, from S$33.8 million in FY2017 to S$41.4 million in FY2018. This was mainly attributed to the increase in contribution from both the agency services and project marketing services. The gross profit margin remained stable at about 10%.

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 period reported on (cont'd).

Finance income
Finance income increased by approximately S$0.6 million from S$0.1 million in FY2017 to S$0.7 million in FY2018. This is mainly due to interest earned on higher bank balance.

Other income
Other income increased by approximately S$0.7 million or 23.4%, from S$2.8 million in FY2017 to S$3.5 million in FY2018. This was primarily due to an increase in referral fee income of approximately S$0.2 million from S$1.4 million in FY2017 to S$1.6 million in FY2018, an increase in training and seminar income of approximately S$0.2 million from S$0.1 million in FY2017 to S$0.3 million in FY2018 and an increase in initial franchise fee income of approximately $0.1 million in FY2018. There was no initial franchise fee income in FY2017.

Operating expenses
Staff cost increased by approximately S$3.8 million or 45.7%, from S$8.3 million in FY2017 to S$12.1 million in FY2018. This was mainly due an increase in salary as well as an increase in the average staff headcount from 147 in FY2017 to 165 in FY2018.

Depreciation of plant and equipment increased by approximately S$0.3 million or 100.3%, from S$0.4 million in FY2017 to S$0.7 million in FY2018 mainly due to additions during the year amounting to approximately S$1.8 million.

Other expenses decreased by approximately S$0.6 million or 10.5%, from S$5.8 million in FY2017 to S$5.2 million in FY2018. The decrease is mainly due to a one-off assignment fee of S$0.7 million paid in FY2017 pursuant to the transfer of salespersons from Dennis Wee Realty Pte. Ltd.

IPO expenses
There was a one-off IPO expenses of approximately S$2.6 million of which S$1.1 million was expensed off in FY2018.

Profit before tax
Profit before tax increased by approximately S$4.2 million or 19.0%, from S$22.2 million in FY2017 to S$26.4 million in FY2018. Excluding IPO expenses and barring any tax effects, the profit before tax would have been S$27.5 million.

Tax expense
Tax expense increased by approximately S$1.1 million or 35.6%, from S$3.3 million in FY2017 to S$4.4 million in FY2018. This was in line with the higher profit in FY2018.

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 period reported on (cont'd).

Statements of Financial Position Review (as at 31 December 2018 compared to 31 December 2017)

Non-current assets

Non-current assets increased by approximately S$1.2 million, from S$1.8 million as at 31 December 2017 to S$3.0 million as at 31 December 2018. This was due to additions of plant and equipment of approximately S$1.8 million in FY2018 and acquisition of P&N trademarks from P&N Holdings Pte Ltd in January 2018 for a consideration of S$0.2 million, offset partially by depreciation of plant and equipment and amortisation of trademark totaling approximately S$0.8 million in FY2018.

Current assets

Cash and cash equivalents increased by approximately S$48.0 million, from S$27.7 million as at 31 December 2017 to S$75.7 million as at 31 December 2018. The increase is mainly due to net proceeds of S$38.3 million from the IPO.

As a result, total current assets increased by approximately S$48.5 million, from S$90.6 million as at 31 December 2017 to S$139.1 million as at 31 December 2018.

Current liabilities

Trade and other payables decreased by approximately S$1.5 million, from S$67.2 million as at 31 December 2017 to S$65.7 million as at 31 December 2018. The decrease was in line with the lower cost of services rendered in 4Q2018.

Current tax liabilities increased by approximately S$1.7 million, from S$3.2 million as at 31 December 2017 to S$4.9 million as at 31 December 2018 which was in line with higher profits.

As a result, total current liabilities remain stable at S$71.5 million as at 31 December 2018 compared to S$71.0 million as at 31 December 2017.

Equity

The equity attributable to the owners of the Company increased by approximately S$48.8 million, from S$18.1 million as at 31 December 2017 to S$66.9 million as at 31 December 2018. The increase was mainly attributable to the profit for FY2018 of S$19.4 million, issuance of new shares of S$40.9 million and effects of new standards of S$1.2 million, offset by dividends payment of approximately S$11.2 million and share issuance expenses of S$1.5 million in FY2018.

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 period reported on (cont'd).

Statement of Cash Flow Review

4Q2018 vs 4Q2017

Net cash generated from operating activities was approximately S$0.1 million in 4Q2018 as compared to approximately S$4.7 million in 4Q2017. The decrease was mainly due to cash used by operations partially offset by tax refunded in 4Q2018.

Net cash used in investing activities was approximately S$0.6 million in 4Q2018 as compared to net cash used in investing activities approximately of S$1.2 million in 4Q2017. The decrease was mainly due to an increase in interest received on deposits of approximately S$0.3 million and decrease in acquisition of plant and equipment of approximately S$0.3 million in 4Q2018.

Overall, there was a net decrease in cash and cash equivalents of approximately S$0.5 million for 4Q2018 as compared to net increase of approximately S$3.6 million for 4Q2017.

FY2018 vs FY2017

Net cash generated from operating activities was approximately S$23.2 million in FY2018 as compared to approximately S$23.7 million in FY2017. The decrease was mainly due to higher income tax paid, partially offset by higher cash flows generated from operations in FY2018.

Net cash used in investing activities was approximately S$1.3 million in FY2018 as compared to approximately S$1.4 million in FY2017. The decrease was mainly due to an increase an interest received of approximately S$0.6 million in FY2018 offset by the increase in acquisition of plant and equipment of approximately S$0.4 million and acquisition of P&N trademarks of approximately S$0.2 million in FY2018.

Net cash from financing activities was approximately S$26.1 million in FY2018 as compared to net cash used in financing activities of approximately S$10.8 million in FY2017. The increase was mainly due to proceeds received from the issue of IPO shares of S$40.9 million offset by an increase in dividends paid to owners of approximately S$1.5 million, increase in dividends paid to non-controlling interests of approximately S$1.0 million and share issuance expenses of approximately S$1.5 million in FY2018.

Overall, there was a net increase in cash and cash equivalents of approximately S$48.0 million for FY2018 as compared to an increase of approximately S$11.5 million for FY2017.

9 Use of Proceeds Raised From IPO

Pursuant to the Company's IPO, the Company received net proceeds of approximately S$38.3 million ("**Net Proceeds**") after deducting IPO expenses of approximately S$2.6 million, of which approximately S$1.5 million was capitalised against share capital and approximately S$1.1 million was expensed off in the profit or loss. The Board wishes to provide an update on the use of Net Proceeds as at 31 January 2019.

In '000 **Use of Net Proceeds**	**Allocation of Net Proceeds as disclosed in the Prospectus**	**Net Proceeds utilized as at the date of this announcement**	**Balance of Net Proceeds as at the date of this announcement**
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12,000	19(1)	11,981
Enhancement of real estate brokerage business	8,000	2,347 (2)	5,653
Expansion in range of business services	7,000	199 (3)	6,801
Enhancement of technological capabilities	6,000	338(4)	5,662
Working capital purposes	5,280	-	5,280
	38,280	2,903	35,377

Notes:

(1) These are mainly business trip expenses to franchisees and due diligence expenses on the Vietnam franchisee.

(2) These are mainly renovation cost incurred for the new office at level 18 of HDB Hub and recruitment expenses for the real estate brokerage business.

(3) These are mainly expenses incurred by Auction and En Bloc departments that are newly formed in 2018.

(4) These are mainly expenses incurred for subscriptions of new software, renewal of IT software, purchases of new hardware and expansion of in-house IT team for software development.

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

The Company did not make any prospect statement previously.

11 A commentary at the date of this 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.

With the cooling measures introduced in July 2018, according to data published by URA, the overall private residential market (new sales, resale and sub-sales) recorded a transactional volume of 22,139 compared to 25,010 in 2017, a drop of 11.5% compared year-on-year. Despite the cooling measures, the Company is of the view that the private property market segment in 2019 is expected to remain active as there is an estimated line-up of over 50 new launches based on projects scheduled to be launched by developers. This will provide a constant stream of new homes.

The Group expects the demand for private residential market in 2019 to be similar to 2018, attributed by the demand from en bloc owners who have collected their proceeds and in the continued search for their replacement homes.

On the public housing front, the HDB resale market is reflecting continuous demand with the transactional volume totalling 23,099 units in 2018, a 4.6% (y-o-y) increase compared to 2017 of 22,077 resale flats transacted and the highest since 2013. We expect that transactions for the public housing resale segment to witness consistent growth.

12 Dividend

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

Yes.

Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Amount per share	1.5 cents per ordinary share
Tax Rate	Tax exempt

Name of Dividend	Proposed Special
Dividend Type	Cash
Dividend Amount per share	2.0 cents per ordinary share
Tax Rate	Tax exempt

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

No.

(c) Date payable for final dividend

13 May 2019

(d) Books closure date for final dividend

30 April 2019

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

No dividend has been declared for the period ended 31 December 2018.

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

The Group does not have a general mandate from shareholders for interested person transactions.

15 Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

Not applicable for full year results.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

17 Segment Information

The operating segments of the Group is mainly divided into the following 5 strategic businesses:

1) Real estate agency services ("**Agency Services**") relate to services rendered in the sale and lease of public and private residential and commercial/industrial properties, including Housing and Development Board flats and executive condominiums, private condominiums, landed properties, retail shops, offices and factories.
2) Real estate project marketing services ("**Project Marketing Services**") relate to services rendered in the sale of new private residential development projects for third-party property developers in Singapore as well as overseas.
3) Administrative support services ("**Administrative Support Services**") relate to use of space and other ancillary services.
4) Property management services relate mainly to real estate management services rendered to private residential properties ("**Property Management Services**").
5) Training services relate mainly to real estate related courses and training programmes organized by the Group to salespersons ("**Training Services**").

As the Group's revenue is substantially derived from Singapore, revenue and assets of the Group by geographical distribution will not be presented.

17 Segment Information (Con't)

In '000 2018	Agency services	Project marketing services	Administrative support fee income	Training services	Property management fee	Investment holding	Total
Revenue	408,599	117,323	3,450	1,638	2,674	21,740	555,424
Inter-segment revenue	(100,839)	-	(1,177)	(129)	-	(21,740)	(123,885)
External revenue	307,760	117,323	2,273	1,509	2,674	-	431,539
Interest income	276	112	10	2	2	324	726
Depreciation expense	(625)	(49)	-	(65)	(8)	-	(747)
Amortisation expense	-	-	-	-	-	(30)	(30)
Segment profit/(loss) before tax	15,567	10,390	212	289	382	(467)	26,373
Segment assets	57,456	41,558	1,403	921	986	39,788	142,112
Segment liabilities	65,556	2,855	1,138	259	254	1,652	71,714
Others:							
Bad debts written off	92	23	-	1	-	-	116
Foreign exchange loss	-	18	-	-	-	-	18
Impairment losses/ (reversal of impairment loss) on trade and other receivables	145	(87)	-	(1)	6	1	64
Plant and equipment written off	34	-	-	-	3	-	37
Acquisition of plant and equipment	1,783	6	-	39	18	-	1,846
Acquisition of trademark	-	-	-	-	-	210	210

17 Segment Information (Con't)

In '000 2017	Agency Services	Project Marketing Services	Administrative support fee income	Training Services	Property management fee	Total
Revenue	311,917	109,797	3,151	1,459	2,274	428,598
Inter-segment revenue	(95,329)	-	(1,016)	(402)	-	(96,747)
External revenue	216,588	109,797	2,135	1,057	2,274	331,851
Interest income	75	40	5	0	1	121
Depreciation expense	(268)	(49)	-	(49)	(7)	(373)
Segment profit before tax	10,007	10,775	552	452	371	22,157
Segment assets	47,991	41,040	1,525	830	971	92,357
Segment liabilities	66,809	2,962	1,034	154	238	71,197
Others:						
Bad debts written off	250	-	-	-	-	250
Foreign exchange gain	-	(1)	-	-	-	(1)
Impairment losses/(reversal of impairment loss) on trade and other receivables	957	17	-	-	6	980
Plant and equipment written off	31	-	-	-	-	31
Acquisition of plant and equipment	1,397	11	-	61	3	1,472

18 Breakdown of Sales

Group In S$'000	2018	2017	% Change
Revenue reported for first half year	224,364	134,002	67.4
Operating profit after tax reported for first half year	11,728	7,890	48.6
Revenue reported for second half year	207,175	197,849	4.7
Operating profit after tax reported for second half year	10,209	10,996	(7.2)

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

In S$'000	FY2018	FY2017
Proposed Final dividend	5,550	-
Proposed Special dividend	7,400	-
Total	12,950	-

20 Disclosure of person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer (in the format set out in paragraph 19 of Appendix 7.2) pursuant to Rule 704 (13)

The company confirms that there is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the issuer.

BY ORDER OF THE BOARD

Mohamed Ismail S/O Abdul Gafoore
Executive Chairman and CEO

PROPNEX LIMITED

25 February 2019

UOB Kay Hian. is the sole issue manager of the initial public offering and listing of Propnex Limited. UOB Kay Hian. assumes no responsibility for the contents of this announcement.