

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2017

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 INCOME STATEMENT

	Group		
	Year Ended 31 Dec		
	2017	2016	Increase/ (Decrease)
	Unaudited	Audited	
	S\$'000	S\$'000	%
Revenue	117,406	128,970	(9.0)
Cost of sales	(101,171)	(114,219)	(11.4)
Gross profit	16,235	14,751	10.1
Other income	589	1,685	(65.0)
Distribution expenses	(1,548)	(1,528)	1.3
Administrative expenses	(17,115)	(15,266)	12.1
Other expenses	(3,850)	(10,286)	(62.6)
Results from operating activities	(5,689)	(10,644)	
Finance costs	(568)	(594)	(4.4)
Loss before income tax	(6,257)	(11,238)	
Income tax credit	850	8	NM
Loss after income tax	(5,407)	(11,230)	
Loss attributable to:			
Owners of Company	(5,315)	(11,194)	(52.5)
Non-controlling interests	(92)	(36)	155.6
Loss for the year	(5,407)	(11,230)	(51.9)
Loss per share:			
Basic and diluted loss per share (cents)	(2.12)	(5.11)	

NM denotes not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	Year Ended 31 December		
	2017	2016	Increase/
	Unaudited	Audited	(Decrease)
	S\$'000	S\$'000	%
Loss for the year	(5,407)	(11,230)	(51.9)
Other comprehensive income			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences relating to financial statements of foreign operations	(5)	8	(162.5)
Exchange differences on monetary items forming part of net investment in foreign operations	40	(24)	(266.7)
Exchange differences realised from de-registration of a subsidiary	-	11	NM
Other comprehensive income for the year	35	(5)	
Total comprehensive income for the year	<u>(5,372)</u>	<u>(11,235)</u>	
Attributable to:			
Owners of the Company	(5,278)	(11,225)	(53.0)
Non-controlling interests	(94)	(10)	NM
Total comprehensive income for the period	<u>(5,372)</u>	<u>(11,235)</u>	

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1 (a) (ii) Other notes:

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

	Group	
	Year Ended 31 December	
	2017	2016
	Unaudited	Audited
	S\$'000	S\$'000
Amortisation of deferred revenue	(1,300)	(1,300)
Amortisation of intangible assets	106	86
Depreciation for property, plant and equipment	1,912	1,633
Gain on disposal of property, plant and equipment	(12)	(173)
Interest income	(14)	(160)
Interest expense	381	594
Unwinding of discount on onerous contract	187	-
Included in other expenses are:		
Allowance for inventory obsolescence	217	43
Bad debts written-off	18	168
Impairment loss on available-for-sale investment	-	3,750
Impairment loss on goodwill	-	1,580
Impairment loss on trade and other receivables	208	288
Impairment loss on property, plant and equipment	1,822	955
Impairment loss on intangible assets	119	-
Net change in fair value of zero-coupon convertible bonds	240	1,341
Loss on foreign exchange - net	33	33
Plant and equipment written-off	3	9
Provisions - net	764	1,993

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1 (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at	As at	As at	As at
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	34,126	21,512	24	23
Intangible assets	604	690	16	33
Subsidiaries	-	-	6,852	6,899
Other investments	-	928	-	928
Deferred tax asset	581	802	-	-
Non-current assets	35,311	23,932	6,892	7,883
Inventories	12,023	11,711	-	-
Trade and other receivables	21,463	19,427	690	11,434
Other investments	688	-	688	-
Cash and cash equivalents	11,685	25,028	695	3,080
Asset held for sale	4,148	-	-	-
Current assets	50,007	56,166	2,073	14,514
Total assets	85,318	80,098	8,965	22,397
Liabilities				
Trade and other payables	35,019	36,806	944	518
Provisions	1,364	423	650	-
Loans and borrowings:				
- Loan associated with asset held for sale	4,252	-	-	-
- Others	1,046	1,000	-	-
Current tax payables	699	815	-	-
Current liabilities	42,380	39,044	1,594	518
Loans and borrowings	19,512	12,097	-	-
Provisions	2,234	1,570	-	-
Deferred tax liabilities	457	1,427	-	-
Non-current liabilities	22,203	15,094	-	-
Total liabilities	64,583	54,138	1,594	518
Equity				
Share capital	36,412	36,412	36,412	36,412
Reserves	(3,439)	(3,476)	300	300
Accumulated losses	(12,290)	(6,975)	(29,341)	(14,833)
Equity attributable to owners of the Company	20,683	25,961	7,371	21,879
Non-controlling interests	52	(1)	-	-
Total equity	20,735	25,960	7,371	21,879
Total equity and liabilities	85,318	80,098	8,965	22,397

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1 (b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group	
	As at 31-Dec-17 S\$'000	As at 31-Dec-16 S\$'000
<i>Amount repayable in one year or less, or on demand</i>		
Unsecured		
Term loans	-	191
Secured		
Loan associated with asset held for sale	4,252	-
Current portion of bank loans	855	763
Finance lease payables	191	46
	<u>5,298</u>	<u>809</u>
	<u>5,298</u>	<u>1,000</u>
<i>Amount repayable after one year</i>		
Unsecured		
Term loans	-	574
Secured		
Bank loans	19,248	11,286
Finance lease payables	264	237
	<u>19,512</u>	<u>11,523</u>
	<u>19,512</u>	<u>12,097</u>

Details of collateral:

The borrowings are secured on:-

- (i) property, plant and equipment with net book values as at 31 December 2017 of S\$ 29,323,350 (31 December 2016: S\$17,001,331); and
- (ii) corporate guarantees by Natural Cool Holdings Limited.

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

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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	
	Year ended 31 Dec	
	2017	2016
	Unaudited	Audited
	S\$'000	S\$'000
Cash flows from operating activities		
Loss for the year	(5,407)	(11,230)
Adjustments for:		
Amortisation of deferred revenue	(1,300)	(1,300)
Amortisation of intangible assets	106	86
Depreciation of property, plant and equipment	1,912	1,633
Gain on de-registration of a subsidiary	-	(11)
Impairment loss on available-for-sale investment	-	3,750
Gain on disposal of property, plant and equipment	(12)	(173)
Plant and equipment written-off	3	9
Impairment loss on goodwill	-	1,580
Impairment loss on trade and other receivables	208	288
Impairment loss on property, plant and equipment	1,822	955
Impairment loss on intangible assets	119	-
Finance cost	568	594
Interest income	(14)	(160)
Income tax credit	(850)	(8)
Provisions - net	764	1,993
Net change in fair value of zero-coupon convertible bonds	240	1,341
	<u>(1,841)</u>	<u>(653)</u>
Changes in working capital:		
Inventories	(312)	3,054
Trade and other receivables	(1,763)	4,564
Trade and other payables	(420)	348
Cash flows (used in)/generated from operations	<u>(4,336)</u>	<u>7,313</u>
Income taxes paid	<u>(15)</u>	<u>(48)</u>
Net cash (used in)/from operating activities	<u>(4,351)</u>	<u>7,265</u>
Cash flows from investing activities		
Interest received	14	160
Proceeds from disposal of property, plant and equipment	19	228
Purchase of computer software	(206)	(107)
Purchase of property, plant and equipment	(20,046)	(2,455)
Capital injection by non-controlling interest of a subsidiary	147	-
Acquisition of subsidiary, net of cash acquired	-	130
Net cash used in investing activities	<u>(20,072)</u>	<u>(2,044)</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Group	
	Year ended 31 Dec	
	2017	2016
	Unaudited	Audited
	S\$'000	S\$'000
Cash flows from financing activities		
Interest paid	(381)	(594)
Non-trade amounts due from a related party	-	28
Payment of dividend	-	(16,758)
Proceeds from issue of share capital	-	1,755
Proceeds from borrowings	14,875	5,620
Repayment of borrowings	(3,334)	(6,402)
Repayment of finance lease liabilities	(114)	(771)
Net cash generated from/(used in) financing activities	11,046	(17,122)
Net decrease in cash and cash equivalents	(13,377)	(11,901)
Effect on changes in foreign exchange rate	34	29
Cash and cash equivalents at beginning of the year	25,028	36,900
Cash and cash equivalents at end of the year	11,685	25,028

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1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated profits/(losses)	Total attributable to owners of the Company	Non-controlling interests	Total equity
<u>Group (Audited)</u>	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
At 1 January 2016	31,957	(3,078)	(367)	20,977	49,489	9	49,498
Total comprehensive income for the year							
-Loss for the year	-	-	-	(11,194)	(11,194)	(36)	(11,230)
Other comprehensive income							
-Foreign currency translation differences from translation of foreign operations	-	-	(18)	-	(18)	26	8
-Exchange differences on monetary items forming part of net investment in foreign operations	-	-	(24)	-	(24)	-	(24)
-Exchange differences realised from de-registration of a subsidiary	-	-	11	-	11	-	11
Total comprehensive loss for the year	-	-	(31)	(11,194)	(11,225)	(10)	(11,235)
Transactions with owners, recognised directly in equity							
-Issuance of new shares	4,455	-	-	-	4,455	-	4,455
-Dividends declared	-	-	-	(16,758)	(16,758)	-	(16,758)
	4,455	-	-	(16,758)	(12,303)	-	(12,303)
At 31 December 2016	36,412	(3,078)	(398)	(6,975)	25,961	(1)	25,960

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated losses	Total attributable to owners of the Company	Non-controlling interests	Total equity
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2017	36,412	(3,078)	(398)	(6,975)	25,961	(1)	25,960
Total comprehensive income for the year							
-Loss for the year	-	-	-	(5,315)	(5,315)	(92)	(5,407)
Other comprehensive income							
-Foreign currency translation differences from translation of foreign operations	-	-	(3)	-	(3)	(2)	(5)
-Exchange differences on monetary items forming part of net investment in foreign operations	-	-	40	-	40	-	40
Total comprehensive loss for the year	-	-	37	(5,315)	(5,278)	(94)	(5,372)
Transactions with owners, recognised directly in equity							
-Capital injection by non-controlling interest of a subsidiary	-	-	-	-	-	147	147
At 31 December 2017	36,412	(3,078)	(361)	(12,290)	20,683	52	20,735

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STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Capital reserve	Accumulated profits/(losses)	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company (Audited)</u>				
At 1 January 2016	31,957	300	8,107	40,364
Total comprehensive income for the year				
-Loss for the year	-	-	(6,182)	(6,182)
Transactions with owners, recognised directly in equity				
-Issuance of new shares	4,455	-	-	4,455
-Dividends declared	-	-	(16,758)	(16,758)
At 31 December 2016	36,412	300	(14,833)	21,879
<u>Company (Unaudited)</u>				
At 1 January 2017	36,412	300	(14,833)	21,879
Total comprehensive income for the year				
-Loss for the year	-	-	(14,508)	(14,508)
At 31 December 2017	36,412	300	(29,341)	7,371

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 2017 to 31 December 2017.

The Company did not have any outstanding options or convertibles as at 31 December 2017 and 31 December 2016.

There were also no treasury shares or subsidiary holdings as at 31 December 2017 and 31 December 2016.

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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 2017 and 31 December 2016.

There were no treasury shares as at 31 December 2017 and 31 December 2016.

- (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.

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 in the financial statements for the current reporting period as in those of the audited financial statements for the financial year ended 31 December 2016.

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 and/or revised Financial Reporting Standards (FRSs) and interpretations that are effective for annual periods beginning 1 January 2017. Presently, the Group does not expect the adoption of the new and/or revised FRS and the interpretations to have any material impact on the financial statements of the Group for the current reporting period.

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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	
	2017	2016
Net loss attributable to shareholders (S\$'000)	(5,315)	(11,194)
Weighted average number of ordinary share in issue (No. of shares) - basic	250,447,985	219,120,000
Loss per share (Singapore cents) – basic and diluted	(2.12)	(5.11)

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	As at	As at	As at
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Net assets attributable to shareholders (S\$'000)	20,683	25,961	7,371	21,879
Net asset value per share as at the end of the financial year (Singapore cents) ¹	8.26	10.37	2.94	8.74

Note: The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 31 December 2017 and 31 December 2016.

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial 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 recorded revenue of S\$117.4 million for the financial year ended 31 December 2017 ("FY2017"), a decrease of S\$11.6 million, or 9.0% as compared to S\$129.0 million in the financial year ended 31 December 2016 ("FY2016"). The decrease in revenue was due mainly to absence of income from a number of larger projects in Aircon division in FY2017 as a substantial part of works was completed in FY2016. Revenue from the Paint segment and Investment segment was relatively stable for FY2017 as compared to FY2016.

Gross profit margins improved by 2.4 percentage points from 11.4% in FY2016 to 13.8% in FY2017. The Group's Aircon division had secured higher margin projects in FY2017 as compared to FY2016.

Other income decreased by S\$1.1 million or 65.0% to S\$0.6 million. Other income in FY2016 related mainly to reversal of payables in Cambodia, government grants and gain on disposal of motor vehicles which did not recur in FY2017.

Administrative expenses increased by S\$1.8 million or 12.1% to S\$17.1 million due mainly to higher legal and professional fees relating to the corporate exercises, claims and litigation that the Group was involved in. Higher staff related expenses and depreciation from the newly acquired property at 87 Defu Lane 10 also contributed to the increase in administrative expenses.

Other expenses decreased by S\$6.4 million or 62.6% to S\$3.9 million. In FY2016, the Group made a S\$2.0 million provision for onerous contract in relation to the non-cancellable sales and leaseback transaction for its Natural Cool Lifestyle Hub building under the Investment segment, S\$1.6 million impairment of goodwill in the Paint segment, S\$3.8 million impairment in the shares of an available-for-sale investment ("AFS"), HMK Energy Pte Ltd, and S\$1.3 million of net change in fair value of zero-coupon convertible bonds ("CB"). The decrease of other expenses in FY2017 was mainly due to the non-recurrence of impairment of goodwill in the Paint segment and impairment in AFS, lower provision of onerous contract and lower net change in fair value of CB. The decrease was partially offset by impairment loss on intangible assets under Paint Division, higher impairment loss on property, plant and equipment amounting to S\$1.9 million mainly arising from the planned sale of 38 Lok Yang Way as these assets' recoverable amounts were below book values, and higher allowance for inventory obsolescence due to slow moving inventory under Paint and Aircon divisions.

Income tax credit was due mainly to reversal of deferred tax liabilities as the property at 38 Lok Yang Way was reclassified to asset held for sale in FY2017.

Arising from the above, the Group reported a loss after income tax of S\$5.4 million in FY2017.

Review of Statements of Financial Position

Property, plant and equipment increased by S\$12.6 million to S\$34.1 million as at 31 December 2017 due mainly to purchase of a property located at 87 Defu Lane 10. The increase was offset by an impairment loss of S\$1.8 million and a reclassification of the property and the related plant and equipment at 38 Lok Yang Way, which is expected to be sold in 2018, to asset held for sale.

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Trade and other receivables increased by S\$2.0 million to S\$21.5 million as at 31 December 2017 due mainly to higher Aircon sales towards the end of FY2017 as compared to 31 December 2016. The increase was also due to GST refund receivable on the recently acquired property at 87 Defu Lane 10.

Trade and other payables decreased by S\$1.8 million to S\$35.0 million as at 31 December 2017 due mainly to lower unearned revenue from customers of the Aircon division.

Loans and borrowings (comprising current and non-current) increased by S\$11.7 million to S\$24.8 million due mainly to the loan drawn down for the purchase of 87 Defu Lane 10, partially offset by early settlement of bank loans for properties at 42 Toh Guan Road East. Bank loan secured on the asset held for sale (property at 38 Lok Yang Way) has also been reclassified and presented as a separate line item as “loan associated with asset held for sale”.

Provisions (comprising current and non-current) increased by S\$1.6 million to S\$3.6 million due mainly to provision made on reinstatement of the Group’s leased Natural Cool Lifestyle Hub building located at 29 Tai Seng Avenue and other provisions.

Review of Statement of Cash Flows

In FY2017, the Group recorded net cash outflow of S\$1.8 million before changes in working capital.

Our net working capital outflow was due mainly to increase in trade and other receivables of S\$1.8 million comprising S\$1.2 million of GST refund receivable on our recently acquired 87 Defu Lane 10 and higher sales towards the end of FY2017 not due for collection as at 31 December 2017 and decrease in trade and others payables of S\$0.8 million from lower unearned revenue from customers of the Aircon division.

The Group recorded net cash used in investing activities of S\$20.1 million in FY2017 mainly due to the purchase of the property at 87 Defu Lane 10.

The Group recorded net cash generated from financing activities of S\$11.0 million in FY2017 due mainly to the proceeds from a property loan to finance the purchase of the property at 87 Defu Lane 10.

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

No specific forecast or prospect statement for the current financial year 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 the Group’s operating environment and conditions to be challenging for the next 12 months. The Group will continue to enhance its efforts to promote sales and margins by improving operational efficiency and rationalising cost structure in order to enhance our competitiveness.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared for FY2017.

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 FY2017.

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.

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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

FY2017	Aircon	Paint	Investment	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses				
External revenue	110,079	3,362	3,965	117,406
Inter-segment revenue	43	21	544	608
Total revenue of reportable segments	110,122	3,383	4,509	118,014
Finance income	5	9	16	30
Finance costs	218	178	195	591
Depreciation and amortisation	1,303	410	275	1,988
Reportable segment profit/(loss) before tax	2,780	(3,503)	(2,162)	(2,885)
Other material non-cash items:				
-Allowance for inventory obsolescence	110	107	-	217
-Amortisation of deferred revenue	-	-	(1,300)	(1,300)
-Bad debts written-off	3	8	7	18
-Impairment loss on receivables - net	208	-	-	208
-Impairment loss on property, plant and equipment	-	1,822	-	1,822
-Impairment loss on intangible assets	-	119	-	119
-Provisions - net	-	-	114	114
Reportable segment assets	72,781	6,799	6,452	86,032
Capital expenditure	19,585	156	232	19,973
Reportable segment liabilities	50,197	9,128	14,951	74,276

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2017

FY2016	Aircon	Paint	Investment	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses				
External revenue	121,521	3,538	3,911	128,970
Inter-segment revenue	32	3	548	583
Total revenue of reportable segments	121,553	3,541	4,459	129,553
Finance income	23	11	-	34
Finance costs	327	213	-	540
Depreciation and amortisation	1,137	381	418	1,936
Reportable segment profit/(loss) before tax	2,271	(2,542)	(4,658)	(4,929)
Other material non-cash items:				
-Allowance for inventory obsolescence	43	-	-	43
-Amortisation of deferred revenue	-	-	(1,300)	(1,300)
-Bad debts written-off	148	-	20	168
-Impairment loss on goodwill	-	1,580	-	1,580
-Impairment loss on receivables - net	107	84	97	288
-Impairment loss on plant and equipment	-	268	687	955
-Provisions - net	-	-	1,993	1,993
Reportable segment assets	58,687	9,813	10,238	78,783
Capital expenditure	748	1,138	344	2,230
Reportable segment liabilities	38,298	11,153	16,044	65,495

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

	FY2017	FY2016
	S\$'000	S\$'000
Revenues		
Total revenue for reportable segments	118,014	129,553
Elimination of inter-segment revenue	(608)	(583)
Consolidated revenue	117,406	128,970
Profit or loss		
Total loss for reportable segments	(2,885)	(4,929)
Other losses	(3,372)	(6,309)
Consolidated loss before income tax	(6,257)	(11,238)
Assets		
Total assets for reportable segments	86,032	78,783
Other assets	1,746	4,029
Elimination of inter-segment assets	(2,460)	(2,714)
Consolidated total assets	85,318	80,098
Liabilities		
Total liabilities for reportable segments	74,276	65,495
Other liabilities	1,527	523
Elimination of inter-segment liabilities	(11,220)	(11,880)
Consolidated total liabilities	64,583	54,138

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2017

Other material items in FY2017	Reportable segment totals	Adjustments	Consolidated totals
	S\$'000	S\$'000	S\$'000
Finance income	(30)	16	(14)
Finance cost	591	(23)	568
Depreciation and amortisation	1,988	30	2,018
Allowance for inventory obsolescence	217	-	217
Amortisation of deferred revenue	(1,300)	-	(1,300)
Bad debts written-off	18	-	18
Impairment loss on receivables - net	208	-	208
Impairment loss on property, plant and equipment	1,822	-	1,822
Impairment loss on intangible assets	119	-	119
Provisions - net	114	650	764
Net change in fair value of zero-coupon convertible bonds	-	240	240
Capital expenditure	19,973	14	19,987

Other material items in FY2016	Reportable segment totals	Adjustments	Consolidated totals
	S\$'000	S\$'000	S\$'000
Finance income	(34)	(126)	(160)
Finance cost	540	54	594
Depreciation and amortisation	1,696	23	1,719
Allowance for inventory obsolescence	43	-	43
Amortisation of deferred revenue	(1,300)	-	(1,300)
Bad debts written-off	168	-	168
Impairment loss on goodwill	1,580	-	1,580
Impairment loss on receivables - net	288	-	288
Impairment loss on plant and equipment	955	-	955
Provisions - net	1,993	-	1,993
Net change in fair value of zero-coupon convertible bonds	-	1,341	1,341
Capital expenditure	2,230	18	2,248

Major Customer

In FY2017, revenue from one customer of the Group's Aircon segment represents approximately S\$6.3 million or 5.3% of the Group's total revenue (FY2016: S\$18.9 million or 14.7%).

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2017

- 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		
	2017	2016	Increase/ (Decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	54,031	71,016	(23.9)
(b) Operating (loss)/ profit after tax before deducting non-controlling interests reported for first half year	(630)	227	NM
(c) Sales reported for second half year	63,375	57,954	9.4
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(4,777)	(11,457)	(58.3)

- 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 FY2017 and FY2016.

- 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
Singapore
27 February 2018

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2017

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"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Tan Pei Woon, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).
