

**HOSEN GROUP LTD**  
(Incorporated in Singapore)  
(Co. Reg. No. 200403029E)

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

**Consolidated Statement of Comprehensive Income**

	<b>Group</b>		<b>Change</b>
	<b>Year ended 31/12/2018 (Unaudited)</b>	<b>Year ended 31/12/2017 (Restated) <sup>(1)</sup></b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
Revenue	69,090	66,088	4.5
Cost of sales	(54,822)	(53,548)	2.4
<b>Gross profit</b>	<b>14,268</b>	<b>12,540</b>	<b>13.8</b>
Other income	353	365	(3.3)
Selling and distribution expenses	(3,561)	(3,174)	12.2
Administrative expenses	(6,463)	(6,058)	6.7
Other expenses	(2,911)	(2,362)	23.2
Finance costs	(360)	(345)	4.3
<b>Profit before income tax</b>	<b>1,326</b>	<b>966</b>	<b>37.3</b>
Income tax expense	(449)	(323)	39.0
<b>Profit for the financial year</b>	<b>877</b>	<b>643</b>	<b>36.4</b>
<b>Attributable to:</b>			
Owners of the parent	892	643	38.7
Non-controlling interests	(15)	-	NM
	<b>877</b>	<b>643</b>	<b>36.4</b>

<sup>(1)</sup> The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ended 31 December 2018 ("FY2018") and has applied SFRS(I) 15 Revenue from Contract with Customers retrospectively.

### Consolidated Statement of Comprehensive Income

	Group		
	Year ended 31/12/2018 (Unaudited)	Year ended 31/12/2017 (Restated) <sup>(1)</sup>	Change
	S\$'000	S\$'000	%
<b>Other comprehensive income for the financial year</b> <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations, net of tax	94	27	248.1
<b>Total comprehensive income for the financial year</b>	<b>971</b>	<b>670</b>	<b>44.9</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	986	670	47.2
Non-controlling interests	(15)	-	NM
	<b>971</b>	<b>670</b>	<b>44.9</b>

<sup>(1)</sup> The Group has adopted the new “SFRS(I)” framework for FY2018 and has applied SFRS(I) 15 Revenue from Contract with Customers retrospectively.

### Profit before income tax arrived at after charging/(crediting) the following:

	Group		
	Year ended 31/12/2018 (Unaudited)	Year ended 31/12/2017 (Restated)	Change
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	943	863	(9.3)
Amortisation of intangible asset	20	69	(71.0)
Property, plant and equipment written off	815	-	NM
Allowance for doubtful third party trade receivables	182	320	(43.1)
Allowance for doubtful third party trade receivables written back	(206)	(9)	NM
Bad debts written off - trade	-	22	NM
Foreign exchange gain (net)	66	(35)	NM
Gain on disposal of property, plant and equipment	(37)	(72)	(48.6)
Write down of inventories	303	345	(12.2)
Reversal of inventories written off	-	(27)	NM
Interest income	(8)	(3)	NM
Interest expenses	360	345	4.3
Fair value loss on financial assets at fair value through profit or loss	3	1	NM

NM – Not meaningful

**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		
	Year ended 31/12/2018 (Unaudited)	Year ended 31/12/2017 (Restated)	Year ended 1/1/2017 (Restated) <sup>(2)</sup>	Year ended 31/12/2018 (Unaudited)	Year ended 31/12/2017 (Restated)	Year ended 1/1/2017 (Restated) <sup>(2)</sup>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>						
Property, plant and equipment	12,835	13,270	12,991	-	-	-
Investments in subsidiaries	-	-	-	9,836	9,836	9,836
Intangible asset	67	87	57	-	-	-
Other receivables	504	-	-	4,234	14,194	12,000
	13,406	13,357	13,048	14,070	24,030	21,836
<b>Current assets</b>						
Inventories	15,170	16,654	15,607	-	-	-
Trade and other receivables	15,585	13,328	14,915	12,414	2,156	3,452
Other assets	1,048	741	958	-	-	-
Financial assets at fair value through profit or loss	3	6	7	-	-	-
Income tax recoverable	-	-	131	-	-	-
Fixed deposits	31	30	49	-	-	-
Cash and bank balances	5,449	4,614	3,475	51	58	31
	37,286	35,373	35,142	12,465	2,214	3,483
<b>Less:</b>						
<b>Current liabilities</b>						
Trade and other payables	9,162	7,679	5,801	165	163	175
Contract liabilities	1,624	1,133	1,459	-	-	-
Current income tax payable	354	161	140	11	13	17
Finance lease payables	106	94	50	-	-	-
Bank borrowings	6,928	7,326	9,005	-	-	-
	18,174	16,393	16,455	176	176	192
<b>Net current assets</b>	19,112	18,980	18,687	12,289	2,038	3,291
<b>Less:</b>						
<b>Non-Current liabilities</b>						
Finance lease payables	202	243	167	-	-	-
Bank borrowings	2,808	3,092	3,350	-	-	-
Deferred tax liabilities	127	267	267	-	-	-
<b>Total non-current liabilities</b>	3,137	3,602	3,784	-	-	-
<b>Net assets</b>	29,381	28,735	27,951	26,359	26,068	25,127
<b>Equity</b>						
Share capital	28,431	28,431	28,431	28,431	28,431	28,431
Treasury shares	(3,654)	(3,654)	(3,654)	(3,654)	(3,654)	(3,654)
Foreign currency translation account	(298)	(392)	(419)	-	-	-
Fair value reserve	(49)	-	-	-	-	-
Accumulated profits	4,966	4,350	3,593	1,582	1,291	350
Equity attributable to owners of the parent	29,396	28,735	27,951	26,359	26,068	25,127
Non-controlling interests	(15)	-	-	-	-	-
<b>Total equity</b>	29,381	28,735	27,951	26,359	26,068	25,127

<sup>(2)</sup> The Group adopted the new SFRS(I) for the first time for FY2018 and has applied SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* with 1 January 2017 as the date of transition, which requires an additional opening statement of financial position as at the date of the transition to be presented.

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

	As at 31/12/2018		As at 31/12/2017	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Repayable in one year or less or on demand	398	6,634 <sup>(1)</sup>	386	7,034 <sup>(1)</sup>
Repayable after one year	3,010	-	3,335	-
Total	3,408	6,634	3,721	7,034

- <sup>(1)</sup> The unsecured borrowings comprise unsecured bank loans of the Group amounting to S\$0.50 million (31 December 2017: S\$0.50 million) and bills payable amounting to S\$6.13 million (31 December 2017: S\$6.53 million).

**Details of any collateral**

Term loan amounting to S\$3.10 million (As at 31 December 2017: S\$3.38 million) is secured by legal mortgage over subsidiaries' properties. Finance lease payables are secured by the underlying assets acquired.

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

<b>Consolidated Statement of Cash Flows</b>	<b>Group</b>	
	<b>Year ended 31/12/2018 (Unaudited)</b>	<b>Year ended 31/12/2017 (Restated)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities:</b>		
Profit before income tax	1,326	966
<b>Adjustments for:</b>		
Allowance for doubtful third party trade receivables	182	320
Allowance for doubtful trade receivables written back	(206)	(9)
Bad debts written off - trade	-	22
Write down inventories	303	345
Reversal of inventories written off	-	(27)
Amortisation of intangible asset	20	69
Depreciation of property, plant and equipment	943	863
Property, plant and equipment written off	815	-
Fair value loss arising from held-for-trading financial assets	3	1
Gain on disposal of property, plant and equipment	(37)	(72)
Interest expenses	360	345
Interest income	(8)	(3)
<b>Operating cash flows before working capital changes</b>	<b>3,701</b>	<b>2,820</b>
Inventories	1,182	(1,265)
Trade and other receivables	(2,740)	1,319
Trade and other payables	1,271	1,289
Other assets	(307)	(741)
Contract liabilities	491	1,133
Interest received	8	3
Income tax paid	(396)	(171)
<b>Net cash generated from operating activities</b>	<b>3,210</b>	<b>4,387</b>

Consolidated Statement of Cash Flows (Continued)	Group	
	Year ended 31/12/2018 (Unaudited)	Year ended 31/12/2017 (Restated)
	S\$'000	S\$'000
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	40	73
Purchase of property, plant and equipment	(927)	(819)
Purchase of intangible asset	-	(99)
<b>Net cash used in investing activities</b>	<b>(887)</b>	<b>(845)</b>
<b>Financing activities</b>		
Repayment of finance lease payables	(96)	(73)
Dividends paid	(325)	-
Fixed Deposit	(1)	19
Interest paid	(360)	(345)
Repayment of bank borrowings	(697)	(2,055)
<b>Net cash used in financing activities</b>	<b>(1,479)</b>	<b>(2,454)</b>
Net change in cash and cash equivalents	844	1,085
Cash and cash equivalents at beginning of financial year	4,614	3,475
Net effect of exchange rate changes on cash and cash equivalents	(9)	54
<b>Cash and cash equivalents at end of financial year</b>	<b>5,449</b>	<b>4,614</b>

**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statements of Changes in Equity**

Group	Share capital	Treasury shares	Fair value reserve	Foreign currency translation account	Accumulated profits	Equity attributable to owners of the parent	Non-controlling interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>(Unaudited)</b>								
<b>Balance at 31 Dec 2017</b>	28,431	(3,654)	-	(392)	4,350	28,735	-	28,735
Effect of adopting SFRS(I) 9	-	-	(49)	-	49	-	-	-
<b>Balance at 1 Jan 2018</b>	28,431	(3,654)	(49)	(392)	4,399	28,735	-	28,735
Profit for the financial year	-	-	-	-	892	892	(15)	877
Exchange differences on translating foreign operations	-	-	-	94	-	94	-	94
Total comprehensive income for the financial year	-	-	-	94	892	986	(15)	971
<b>Transactions with owners:</b>								
Dividends	-	-	-	-	(325)	(325)	-	(325)
Total transactions with owners of the parent	-	-	-	-	(325)	(325)	-	(325)
<b>Balance at 31 Dec 2018</b>	28,431	(3,654)	(49)	(298)	4,966	29,396	(15)	29,381
<b>(Restated)</b>								
<b>Balance at 1 Jan 2017</b>	28,431	(3,654)	-	(419)	3,707	28,065	-	28,065
Effect of adopting SFRS(I) 9	-	-	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	643	643	-	643
Exchange differences on translating foreign operations	-	-	-	27	-	27	-	27
Total comprehensive income for the financial year	-	-	-	27	643	670	-	670
<b>Balance at 31 Dec 2017</b>	28,431	(3,654)	-	(392)	4,350	28,735	-	28,735

Company	Statements of changes in equity			
	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(Unaudited)</b>				
<b>Balance at 31 Dec 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,291</b>	<b>26,068</b>
Effect of adopting SFRS(I) 9	-	-	440	440
<b>Balance at 1 Jan 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,731</b>	<b>26,508</b>
Profit for the financial year	-	-	176	176
Total comprehensive income for the financial year	-	-	176	176
<b>Transactions with owners:</b>				
Dividends	-	-	(325)	(325)
Total transactions with owners of the parent	-	-	(325)	(325)
<b>Balance at 31 Dec 2018</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,582</b>	<b>26,359</b>
<b>(Restated)</b>				
<b>Balance at 1 Jan 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>350</b>	<b>25,127</b>
Profit for the financial year	-	-	941	941
Total comprehensive income for the financial year	-	-	941	941
<b>Balance at 31 Dec 2017</b>	<b>28,431</b>	<b>(3,654)</b>	<b>1,291</b>	<b>26,068</b>



**1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.**

Ordinary Share Capital

There were no changes in the Company's share capital since the end of the previous period reported on, as shown below:

	<b>Number of ordinary shares (excluding treasury shares)</b>	<b>Issued and paid-up share capital (S\$'000)</b>
<b>Balance as at 30 June 2018 and 31 December 2018</b>	324,900,846 shares	28,431

Outstanding Convertibles

There were no outstanding convertibles as at 31 December 2018 and 31 December 2017.

Treasury Shares

There were 32,278,000 treasury shares as at 31 December 2018 and 31 December 2017, which represented 9.9% of the Company's total number of ordinary shares (excluding treasury shares) as at 31 December 2018 and 31 December 2017.

Subsidiary Holdings

There were no 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.**

The total number of issued shares excluding treasury shares:

	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>
Total number of issued shares	357,178,846	357,178,846
Less: Treasury shares	(32,278,000)	(32,278,000)
Total number of issued shares excluding treasury shares	324,900,846	324,900,846

**1(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.**

There was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period 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.**

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 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 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 Note 5 below, the accounting policies have been consistently applied by the Group and the Company are consistent with 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 identical to the IFRS, Singapore Financial standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the financial period ended 31 December 2018. The new framework will have no material impact on the financial statements except as follows:

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

The Group is primarily engaged in the importation, exportation and distribution of fast-moving consumer goods. The Group has adopted SFRS(I) 15 under full retrospective approach. For export sales, the Group has identified freight and handling services as a separate distinct performance obligation. The Group is acting as an agent for customers in this freight and handling services and hence, revenue is presented on a net basis.

In addition, the Group allows a certain group of customers in commercial practice to return any products as well as on goodwill basis for those unsold items. Under SFRS(I) 15, the Group has recognised a “Contract liabilities - Refund liability” for sales of which the customers have the right of return and a “Other assets - Right to recover goods”. The refund liability and right to recover goods are re-assessed at each reporting date to reflect the changes in estimates.

Due to the above, the comparative figures have been restated and summarised as below:

	As reported (Audited)	Effects of adoption	As restated
	31/12/2017		31/12/2017
<b>Consolidated Statement of Comprehensive Income</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Revenue	67,474	(1,386)	66,088
Cost of sales	(54,481)	933	(53,548)
Selling and distribution expenses	(3,519)	345	(3,174)
Profit before income tax	1,074	(108)	966
Profit for the financial year	751	(108)	643
<b>Group</b>			
<b>Statement of Financial Position</b>			
<b>Current assets</b>			
Other assets	-	741	741
<b>Current liabilities</b>			
Trade and other payables	7,963	(284)	7,679
Contract liabilities	-	1,133	1,133
<b>Equity</b>			
Accumulated profits	4,458	(108)	4,350

#### SFRS(I) 9 *Financial Instruments*

The Group has adopted SFRS(I) 9 on 1 January 2018 and elected to apply the short-term exemption under SFRS(I) 1 by not restating the comparative figures.

The Group has performed a review on the classification and measurement of its financial assets and resulted certain reclassification entries have been made.

For financial assets previously classified as available-for-sale (AFS), the Group has elected to measure the unquoted equity instruments at fair value through other comprehensive income (OCI). The equity instruments have been fully impaired in prior years and hence, the accumulated impairment of S\$49,000 has been reclassified from opening accumulated profits to fair value reserve as at 1 January 2018. Subsequently, all fair value changes will be recognised in OCI and will not be reclassified to profit or loss, even on disposal.

For the non-trade amounts due from subsidiaries, the Group has performed the impairment assessment using the three-stage expected credit loss model in accordance with SFRS(I) 9. The adjustment of

S\$440,000 arising from the adoption of SFRS(I) 9 has been adjusted against opening accumulated profits of the Company as at 1 January 2018.

**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.**

Earnings/(Loss) per ordinary share of the Group for the period on the net profit after income tax:	Group	
	Year ended 31/12/2018 (Unaudited)	Year ended 31/12/2017 (Restated)
(Singapore cents)		
(a) Based on the weighted average number of shares	0.27 cents	0.20 cents
(b) On a fully diluted basis	0.27 cents	0.20 cents

Basic earnings per share are computed based on the weighted average number of issued shares excluding treasury shares of 324,900,846 for the year ended 31 December 2018 and 31 December 2017.

The basic and dilutive earnings per share are the same as there were no potentially dilutive securities for the year ended 31 December 2018 and 31 December 2017.

**7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	As at 31/12/2018 (Unaudited)	As at 31/12/2017 (Restated)	As at 31/12/2018 (Unaudited)	As at 31/12/2017 (Restated)
(Singapore cents)				
Net asset value per ordinary share based on total number of issued shares excluding treasury shares at the end of:	9.05	8.84	8.11	8.02

Note: The net asset value per share is calculated based on the total number of issued shares excluding treasury shares of 324,900,846 as at 31 December 2018 and 31 December 2017.

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.**

### **Consolidated Statement of Comprehensive Income**

#### **Revenue**

The Group recorded a higher revenue of S\$69.09 million for the financial year ended 31 December 2018 ("FY2018") as compared to S\$66.09 million for the financial year ended 31 December 2017 ("FY2017"). The increase of S\$3.0 million or 4.5% in group revenue was mainly due to higher revenue generated in a Malaysia subsidiary as general consumption in Malaysia improved, with the establishment of more outlets by the Group's retail customers and the appreciation of the Malaysia Ringgit in FY2018 compared to FY2017.

#### **Gross Profit**

Gross profit increased by S\$1.73 million or 13.8% to S\$14.27 million in FY2018 from S\$12.54 million in FY2017 mainly due to higher profit margin earned by its Singapore subsidiary and a Malaysia subsidiary as they streamlined the procurement process in order to lower the purchase costs.

#### **Selling and Distribution Expenses**

Selling and distribution expenses increased by S\$0.39 million to S\$3.56 million in FY2018 from S\$3.17 million in FY2017 mainly due to higher advertisement and promotion expenses incurred in promoting the house-brand products and introducing new chocolate products.

#### **Administrative Expenses**

Administrative expenses increased by S\$0.40 million to S\$6.46 million in FY2018 from S\$6.06 million in FY2017, mainly due to staff salary increment and higher profit-sharing entitlements for subsidiaries' directors.

#### **Other Expenses**

Other expenses increased by S\$0.55 million to S\$2.91 million in FY2018 from S\$2.36 million in FY2017 mainly due to the one-time write off of the net book value of S\$0.82 million of the one-storey warehouse in Singapore upon its demolition.

#### **Profit for the Financial Year**

As a result of the abovementioned, the Group recorded a net profit of S\$0.88 million for FY2018 as compared to a net profit of S\$0.64 million for FY2017.

### **Statements of Financial Position**

As at 31 December 2018, the Group's net assets were S\$29.38 million compared to S\$28.74 million as at 31 December 2017. The increase of S\$0.64 million was a result of the profit of S\$0.88 million earned for the current financial year, netting off with the payment of final dividend declared in the previous year.

The other significant changes to the Statements of Financial Position were as follows:-

1. Property, plant and equipment as at 31 December 2018 was recorded at S\$12.84 million, a decrease from S\$13.27 million as at 31 December 2017. The decrease of S\$0.43 million arose from a one-time write-off of the net book value of the one-storey warehouse in Singapore upon its demolition, partially offset by the increase in construction-in-progress as the new six-storey building being constructed.
2. Other receivables in non-current assets of S\$0.5 million as at 31 December 2018 represented the down-payment for the construction of the new building in Singapore.
3. Inventories decreased by S\$0.72 million to S\$15.17 million as at 31 December 2018 from S\$16.65 million as at 31 December 2017 mainly due to lesser purchase before the year end due to limited storage space after the demolition of one-storey warehouse. Nonetheless, a temporary warehouse has been rented for the storage of the inventories.
4. Trade and other receivables increased by S\$2.26 million to S\$15.59 million as at 31 December 2018 from S\$13.33 million as at 31 December 2017 due to more sales made before the year end as the Chinese New Year (“CNY”) came earlier in 2019 than in 2018.
5. Trade and other payables increased by S\$1.48 million to S\$9.16 million as at 31 December 2018 from S\$7.68 million as at 31 December 2017, which commensurate with the higher trade and other receivables in view of the CNY sales.
6. Bank borrowings in current liabilities decreased by S\$0.4 million to S\$6.93 million as at 31 December 2018 from S\$7.33 million as at 31 December 2017 as a result of lower utilization of trade facilities.
7. Bank borrowings in non-current liabilities decreased by S\$0.28 million to S\$2.81 million as at 31 December 2018 from S\$3.09 million as at 31 December 2017 mainly due to the repayment of term loans for the properties in Malaysia.

#### **Consolidated Statement of Cash Flows**

Cash and cash equivalents increased by S\$0.84 million to S\$5.45 million as at 31 December 2018 from S\$4.61 million as at 31 December 2017. Out of the cash and cash equivalents, S\$3.21 million was generated from operating activities, S\$0.89 million used in investing activities and S\$1.48 million used in financing activities.

The net cash generated from operating activities included the increase in trade and other receivables by S\$2.74 million, increase in trade and other payables of S\$1.27 million and the decrease in inventories of S\$1.18 million.

The net cash used in investing activities was mainly attributable to the acquisition of property, plant and equipment of S\$0.93 million, partly offset by the sale proceeds from the disposal of plant and equipment of S\$0.04 million.

The net cash used in financing activities was mainly due to repayment of bank borrowings and payment of interest and dividend in FY2018.

**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.**

Due to the rising global trade tension and uncertain business environment, as well as the increasing cost of operation and the volatility of foreign exchange, the FMCG environment remains challenging.

The Group has commenced the construction of a new building in Singapore as part of our business expansion plans. The Group will continue to look into new potential investments and/or other opportunities to grow our business.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

Yes

Name of Dividend	First and final 1-tier tax exempt dividend.
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.1 cent
Tax Rate	Nil

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the financial year ended 31 December 2018 as the Group intends to conserve funds for the construction of the new building, future expansion and potential investments when opportunities arise.

**13. Interested Persons Transactions (“IPTs”)**

The Company does not have a general mandate for IPT from shareholders.

There was no IPT with value of more than S\$100,000 entered into during the financial year ended 31 December 2018.



**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

14. **Segmented revenue and results for business or geographical 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**

	<b>House Brands S\$'000</b>	<b>Non-House Brands S\$'000</b>	<b>Total S\$'000</b>
<b>2018</b>			
<b>Revenue</b>			
External revenue	51,247	17,843	69,090
Inter-segment revenue	5,531	57	5,588
<b>Total</b>	<b>56,778</b>	<b>17,900</b>	<b>74,678</b>
Interest income	7	1	8
Interest expense	(330)	(30)	(360)
Depreciation of property, plant and equipment	(755)	(188)	(943)
Amortisation of intangible assets	(14)	(6)	(20)
Other non-cash items:			
Allowance for doubtful third party trade receivables	(120)	(62)	(182)
Allowance for doubtful third party trade receivables written back	160	46	206
Write down of inventories	(256)	(47)	(303)
Segment profit	1,807	292	2,099
<b>Assets</b>			
Segment assets	33,674	11,580	45,254
Capital expenditure	1,027	287	1,314
<b>Liabilities</b>			
Segment liabilities	15,877	3,979	19,856

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities.

<b>2018</b>	<b>Total</b>
<b>Revenues</b>	<b>S\$'000</b>
Total revenues for reportable segments	74,678
Elimination of inter-segment revenues	(5,588)
Consolidated revenues	<u>69,090</u>
<b>Profit or loss</b>	
Total segment profit	2,099
Unallocated corporate expenses	(413)
Other income/Other expenses	(360)
Consolidated profit before income tax	<u>1,326</u>
<b>Assets</b>	
Segment assets	45,254
Other unallocated amounts	5,438
Consolidated total assets	<u>50,692</u>
<b>Liabilities</b>	
Segment liabilities	19,856
Other unallocated amounts	1,455
Consolidated total liabilities	<u>21,311</u>

	<b>House Brands</b>	<b>Non-House Brands</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>2017</b>			
<b>Revenue</b>			
External revenue	47,432	18,656	66,088
Inter-segment revenue	4,260	54	4,314
Total	<u>51,692</u>	<u>18,710</u>	<u>70,402</u>
Interest income	2	1	3
Interest expense	(176)	(169)	(345)
Depreciation of property, plant and equipment	(684)	(179)	(863)
Amortisation of intangible assets	(48)	(21)	(69)
Other non-cash items:			
Allowance for doubtful third party trade receivables	(242)	(78)	(320)
Allowance for doubtful third party trade receivables written back	8	1	9
Bad debts written off - Trade	(15)	(7)	(22)
Write down of inventories	(262)	(83)	(345)
Reversal of inventories written off	27	-	27
Segment profit	1,451	(639)	812
<b>Assets</b>			
Segment assets	34,925	9,148	44,073
Capital expenditure	869	241	1,110
<b>Liabilities</b>			
Segment liabilities	14,598	4,379	18,977

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities.

<b>2017</b>	<b>Total</b>
<b>Revenues</b>	<b>S\$'000</b>
Total revenues for reportable segments	70,402
Elimination of inter-segment revenues	(4,314)
Consolidated revenues	<u>66,088</u>
<b>Profit or loss</b>	
Total segment profit	812
Unallocated corporate expenses	500
Other income/Other expenses	(346)
Consolidated profit before income tax	<u>966</u>
<b>Assets</b>	
Segment assets	44,073
Other unallocated assets	4,657
Consolidated total assets	<u>48,730</u>
<b>Liabilities</b>	
Segment liabilities	18,977
Other unallocated liabilities	1,018
Consolidated total liabilities	<u>19,995</u>

## GEOGRAPHICAL SEGMENT

	<b>Total</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue</b>		
Singapore	26,313	28,645
Malaysia	21,184	14,551
Others <sup>(Note)</sup>	21,593	22,892
	<u>69,090</u>	<u>66,088</u>
<b>Non-current assets</b>		
Singapore	7,136	7,169
Malaysia	6,264	6,187
Others <sup>(Note)</sup>	6	1
	<u>13,406</u>	<u>13,357</u>

Note: Including countries other than Singapore and Malaysia.

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

External revenue from House Brands increased by S\$3.82 million to S\$51.25 million in FY2018 from S\$47.43 million in FY2017 and external revenue from Non-House Brands decreased by S\$0.81 million to S\$17.84 million in FY2018 from S\$18.66 million in FY2017. The Group had put in extra efforts in marketing to promote the sales of House Brands in order to capture a bigger market share in both local and overseas market.

**16. A breakdown of sales.**

	Group		
	Year ended 31/12/2018	Year ended 31/12/2017	Change
	S\$'000	S\$'000	%
<b>First Half</b>			
Sales reported for the first half year	35,154	33,180	5.95
Operating profit after income tax reported for first half year	582	52	NM
<b>Second Half</b>			
Sales reported for the second half year	33,936	32,908	3.12
Operating profit after income tax reported for second half year	295	591	(50.08)

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

	FY2018	FY2017
	S\$'000	S\$'000
<b>Ordinary</b>	Nil	325
<b>Preference</b>	Nil	Nil
<b>Total:</b>	Nil	325

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

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

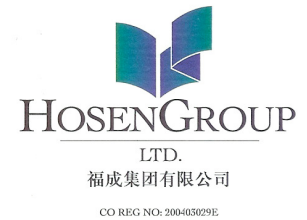
**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder</b>	<b>Current position and duties, and the year position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lim Hai Cheok	70	Spouse of Chong Poh Soon, Executive Director and Substantial Shareholder.  Father of Lim Hock Chye Daniel, Executive Director.  Brother of Lim Kim Eng, Executive Director and Substantial Shareholder.	Executive Director, since March 2004.  Chief Executive Officer, since July 2004.	Nil
Chong Poh Soon	70	Spouse of Lim Hai Cheok, Chief Executive Officer, Executive Director and Substantial Shareholder.  Mother of Lim Hock Chye Daniel, Executive Director.  Sister-in-law of Lim Kim Eng, Executive Director and Substantial Shareholder.	Executive Director, since July 2004.	Nil
Lim Kim Eng	66	Sister of Lim Hai Cheok. Chief Executive Officer, Executive Director and Substantial Shareholder.  Sister-in-law of Chong Poh Soon, Executive Director and Substantial Shareholder.  Aunt of Lim Hock Chye Daniel, Executive Director.	Executive Director, since July 2004.	Nil
Lim Hock Chye Daniel	45	Son of Lim Hai Cheok, Chief Executive Officer, Director and Substantial Shareholder; and Chong Poh Soon, Executive Director and Substantial Shareholder.  Nephew of Lim Kim Eng, Executive Director and Substantial Shareholder.	Executive Director, since March 2004.	Nil

BY ORDER OF THE BOARD

Lim Hai Cheok  
Chief Executive Officer  
1 March 2019

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 Catalyst. 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 the announcement.

The contact person for the Sponsor is Ms Ling Yuet Shan, Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).