EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

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Unaudited Financial Statements for the Financial Year Ended 31 December 2018

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EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Full Year Ended 31.12.2018 (unaudited) S$'000	Full Year Ended 31.12.2017 (audited) S$'000	Increase/ (Decrease) %
Revenue	**10,439**	**14,102**	(26)
Cost of sales	(7,133)	(9,680)	(26)
Gross profit	**3,306**	**4,422**	**(25)**
Other income	39	515	(92)
Administrative expenses	(5,095)	(6,610)	(23)
Other operating expenses	(680)	(84)	n.m.
Results from operating activities	**(2,430)**	**(1,757)**	**(38)**
Finance income	65	6	n.m.
Finance costs	(182)	(97)	88
Net finance cost	(117)	(91)	29
Loss before income tax	**(2,547)**	**(1,848)**	**38**
Tax income	80	-	n.m.
Loss for the year	**(2,467)**	**(1,848)**	**33**

Loss per share attributable to owners of the Company

Group	Full Year Ended 31.12.2018 (unaudited) Singapore Cents	Full Year Ended 31.12.2017 (audited) Singapore Cents	Increase/ (Decrease) %
Basic and diluted	**(2.29)**	**(1.72)**	**33**

n.m. denotes not meaningful

Statement of Comprehensive Income

Group	Full Year Ended 31.12.2018 (unaudited) S$'000	Full Year Ended 31.12.2017 (audited) S$'000	Increase/ (Decrease) %
Loss for the year	**(2,467)**	**(1,848)**	**33**
Other comprehensive income			
Items that will may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(8)	50	n.m.
Total comprehensive loss for the year, net of tax	**(2,475)**	**(1,798)**	**38**

n.m. denotes not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income

The loss before income tax is arrived at after charging/ (crediting) the following items:

Group	Full Year Ended 31.12.2018 (unaudited) S$'000	Full Year Ended 31.12.2017 (audited) S$'000	Increase/ (Decrease) %
Depreciation of property, plant and equipment [1]	419	305	37
Gain on disposal of plant and equipment	(7)	(168)	(96)
Amortisation of intangible assets	121	195	(38)
Impairment of intangible assets	705	94	n.m.
Interest income	(65)	(6)	n.m.
Interest expense	182	97	88
Plant and equipment written off	7	1	n.m.
Expected credit loss on trade receivables	18	63	(71)
Net foreign exchange (gain)/loss	(47)	21	n.m.

Note:
(1) Included in cost of sales and administrative expenses.

n.m. denotes not meaningful

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

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

	Group		Company	
	As at 31.12.2018 (unaudited)	As at 31.12.2017 (audited)	As at 31.12.2018 (unaudited)	As at 31.12.2017 (audited)
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4,373	4,344	-	-
Intangible assets	-	640	-	-
Subsidiaries	-	-	9,300	9,300
Total non-current assets	4,373	4,984	9,300	9,300
Current assets				
Inventories	3,840	3,436	-	-
Trade and other receivables	3,994	8,472	4,841	4,870
Income tax recoverable	68	-	-	-
Short-term financial instrument	2,292	-	-	-
Cash and bank balances	2,894	4,179	30	21
Total current assets	13,088	16,087	4,871	4,891
Total assets	**17,461**	**21,071**	**14,171**	**14,191**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	14,917	14,917	14,917	14,917
Reserves	(10,636)	(10,628)	-	-
Retained earnings / (Accumulated losses)	5,029	7,596	(3,759)	(3,104)
Total equity	9,310	11,885	11,158	11,813

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

	Group		Company	
	As at 31.12.2018 (unaudited)	As at 31.12.2017 (audited)	As at 31.12.2018 (unaudited)	As at 31.12.2017 (audited)
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Loans and borrowings	76	28	-	-
Deferred government grant	98	98	-	-
Deferred tax liabilities	181	153	-	-
Total non-current liabilities	355	279	-	-
Current liabilities				
Loans and borrowings	926	1,086	-	-
Trade and other payables	6,757	7,411[(1)]	3,013	2,378
Contract liabilities	57	357[(1)]	-	-
Income tax payable	56	53	-	-
Total current liabilities	7,796	8,907	3,013	2,378
Total liabilities	8,151	9,186	3,013	2,378
Total equity and liabilities	**17,461**	**21,071**	**14,171**	**14,191**

Note:

(1) The Group had adopted *SFRS(I) 15 – Revenue from Contracts with Customers* in its financial statements for the financial year ended 31 December 2018, using the retrospective approach. As a result, the Group had applied all of the requirements of *IFRS 15 – Revenue from Contracts with Customers* retrospectively (with certain exceptions), and the comparative period presented have been restated. Please refer to Note 3.17 to the Financial Statements in the Annual Report 2017 of the Company for more information.

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

Amount repayable in one year or less, or on demand

Group			
As at 31.12.2018 (unaudited)		As at 31.12.2017 (audited)	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
926	-	1,086	-

Amount repayable after one year

Group			
As at 31.12.2018 (unaudited)		As at 31.12.2017 (audited)	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
76	-	28	-

Details of any collateral

(a) Bank overdrafts and loans are secured by a charge over the following:

(i) legal mortgage over the Group's freehold property; and
(ii) deed of debenture provided by a subsidiary for Malaysia Ringgit 10 million.

(b) The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

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

Group	Full Year Ended 31.12.2018 (unaudited) S$'000	Full Year Ended 31.12.2017 (audited) S$'000
Cash flows from operating activities		
Loss before tax	**(2,547)**	**(1,848)**
Adjustments for:		
Amortisation of intangible assets	121	195
Expected credit loss on trade receivables	18	63
Depreciation of property, plant and equipment	419	305
Plant and equipment written off	7	1
Impairment of intangible assets	705	94
Gain on disposal of plant and equipment	(7)	(168)
Interest expenses	182	97
Interest income	(65)	(6)
Unrealised exchange differences	(47)	(21)
	(1,214)	**(1,288)**
Changes in:		
Inventories	(404)	(87)
Trade and other receivables	4,405	55
Trade and other payables	(1,053)	685
Cash generated from / (used in) operations	**1,734**	**(635)**
Interest received	12	6
Tax paid	(1)	(567)
Government grant received	-	98
Net cash from / (used in) operating activities	**1,745**	**(1,098)**

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

Group	Full Year Ended 31.12.2018 (unaudited) S$'000	Full Year Ended 31.12.2017 (audited) S$'000
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	23	577
Purchase of plant and equipment[1]	(324)	(568)
Expenditure on intangible assets	(188)	(270)
Short-term financial instrument	(2,239)	-
Net cash used in investing activities	**(2,728)**	**(261)**
Financing activities		
Interest paid	(82)	(97)
Amount due to ultimate holding company (non-trade)	-	(147)
(Repayment) / Proceeds from short-term financing	(54)	315
Repayment of finance lease obligations	(48)	(27)
Repayment of bank loans	-	(186)
Net cash used in financing activities	**(184)**	**(142)**
Net decrease in cash and cash equivalents	**(1,167)**	(1,501)
Cash and cash equivalents at beginning of financial year	3,419	4,924
Effects of exchange rate changes on cash and cash equivalents	28	(4)
Cash and cash equivalents at end of financial year	**2,280**	**3,419**

Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	2,144	3,429
Fixed deposits	750	750
Sub-total	**2,894**	**4,179**
Bank overdraft	(614)	(760)
Cash and cash equivalents as per consolidated statement of cash flows	**2,280**	**3,419**

Note:

[1] During the financial year ended 31 December 2018, the Group acquired plant and equipment with an aggregate cost of S$0.46 million (FY2017: S$0.61 million) of which S$0.32 million (FY2017: S$0.57 million) was paid in cash, S$0.14 million (FY2017: S$39,000) was acquired by means of finance lease.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

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.

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total
Group (unaudited)	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance at 1 January 2018 (audited)	**14,917**	**(9,138)**	**(1,614)**	**124**	**7,596**	**11,885**
Adoption of SFRS(I) 9	-	-	-	-	(100)	(100)
At 1 January 2018, restated	**14,917**	**(9,138)**	**(1,614)**	**124**	**7,496**	**11,785**
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(2,467)	(2,467)
Other comprehensive income for the year, net of tax	-	-	(8)	-	-	(8)
Total	-	-	(8)	-	(2,467)	(2,475)
Transfer to statutory reserve	-	-	-	-	-	-
Balance at 31 December 2018	**14,917**	**(9,138)**	**(1,622)**	**124**	**5,029**	**9,310**

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total
Group (audited)	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance at 1 January 2017	**14,917**	**(9,138)**	**(1,664)**	**43**	**9,525**	**13,683**
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(1,848)	(1,848)
Other comprehensive income for the year, net of tax	-	-	50	-	-	50
Total	-	-	50	-	(1,848)	(1,798)
Transfer to statutory reserve	-	-	-	81	(81)	-
Balance at 31 December 2017	**14,917**	**(9,138)**	**(1,614)**	**124**	**7,596**	**11,885**

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 (Cont'd)

Company (unaudited)	Share capital S$'000	Accumulated losses S$'000	Total S$'000
Balance at 1 January 2018	**14,917**	**(3,104)**	**11,813**
Loss for the year, representing total comprehensive loss for the year	-	(655)	(655)
Balance at 31 December 2018	**14,917**	**(3,759)**	**11,158**

Company (audited)	Share capital S$'000	Accumulated losses S$'000	Total S$'000
Balance at 1 January 2017	**14,917**	**(2,349)**	**12,568**
Loss for the year, representing total comprehensive loss for the year	-	(755)	(755)
Balance at 31 December 2017	**14,917**	**(3,104)**	**11,813**

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, as well as the number of shares held as 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.

	Company	
Ordinary shares	**No. of shares (‘000)**	**Issued and paid up share capital (S$’000)**
Balance as at 31 December 2018 and 30 June 2018	**107,700**	**14,917**

As at 31 December 2018 and 31 December 2017, there were 71,799,958 warrants outstanding. Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at the exercise price of S$0.12 and will expire on 2 September 2019. Save for the aforementioned, the Company did not have any outstanding convertibles as at 31 December 2018 and 31 December 2017.

The Company did not have any treasury shares and/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.

	Company	
	31.12.2018	**31.12.2017**
Total number of issued shares excluding treasury shares (‘000)	107,700	107,700

There were no treasury shares as at 31 December 2018 and 31 December 2017.

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.

Not applicable. The Company did not have treasury shares during and as at the end of the financial year ended 31 December 2018 ("**FY2018**").

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of FY2018.

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

The figures in this announcement have not been audited or reviewed by Company's auditors.

3 Where the figures have been audited or reviewed, the auditor's 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.

Save as disclosed in paragraph 5, the accounting policies and methods of computation applied by the Group for the financial statements for the current financial year reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2017 ("**FY2017**").

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 financial reporting framework, Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"), and has prepared the Group's financial statements for FY2018 in accordance with SFRS(I)s together with the International Financial Reporting Standards.

The Group concurrently adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s (collectively "**new accounting standards**") which are mandatorily effective for FY2018.

- *SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;*
- *SFRS(I) 9 Financial Instruments which includes the amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts issued by the IASB in September 2016;*
- *requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions issued by the IASB in June 2016;*
- *requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of Investment Property issued by the IASB in December 2016;*
- *requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016; Page 12 of 20;*
- *requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and*
- *SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for SFRS(I) 9 and SFRS(I) 15.

(a) Application of SFRS(I) 1

In adopting SFRS(I)s, the Group is required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group applied SFRS(I)s with 1 January 2017 as the date of transition to SFRS(I)s for the Group and the Company.

SFRS(I) 1 requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any impact on the Group's financial statements for FY2018.

(b) Application of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. The Group used the practical expedient for completed contracts whereby completed contracts that began and ended within the same annual reporting period, as well as completed contracts at the beginning of the earliest period presented, were not restated.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Following the presentation requirements in SFRS(I) 15, for each revenue contract entered into, the Group presents contract assets or contract liabilities in its statement of financial position when the Group has performed the transfer of goods/services to the customer and has established the right to payment for the transfer (contract asset), or the customer had paid a consideration in advance of the transfer of goods/services to the Group (contract liability).

(c) <u>Application of SFRS(I) 9</u>

The Group elected to adopt the optional exemption in SFRS(I) 1 allowing it not to restate comparative information in its first SFRS(I) annual financial statements arising from the adoption of SFRS(I) 9. Accordingly, the comparative financial information was not restated and was prepared in accordance with FRS 39 Financial Instruments: Measurement and Recognition). Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 were recognised in retained earnings and reserves as at 1 January 2018.

Impairment of financial assets

The Group previously recognised an impairment loss on trade and other receivables when there was objective evidence of impairment. Under SFRS(I) 9, loss allowances is measured using the expected credit loss model on either of the following bases:

- 12-month expected credit losses ("**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 recorded lifetime ECL on trade receivables. As a result, trade receivables and retained earnings as at 1 January 2018 were adjusted.

The impact on the Group's financial statements arising from the adoption of SFRS (I)15 and SFRS(I) 9 is as follows:

	01.01.2018	31.12.2017	01.01.2017
	S$'000	S$'000	S$'000
Consolidated statement of financial position			
Decrease in trade and other receivables	(100)	-	-
Decrease in trade and other payables	-	(357)	(35)
Increase in contract liabilities	-	357	35
Decrease in assets	(100)	-	-
Decrease in retained earnings	(100)	-	-
Decrease in total equity	(100)	-	-

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.

Loss per ordinary share of the Group for the financial year based on net loss attributable to owners of the Company are as follows:-

	Group	
	Full Year Ended 31.12.2018	Full Year Ended 31.12.2017
	(unaudited)	(audited)
Basic and diluted loss per ordinary share (Singapore cents)	(2.29)	(1.72)
Weighted average number of ordinary shares in issue ('000)	107,700	107,700

Loss per ordinary share for FY2018 and FY2017 are calculated based on net loss attributable to the owners of the Company for the respective financial years divided by the weighted average number of ordinary shares in issue during the respective financial years.

For FY2018 and FY2017, the basic and diluted loss per ordinary share were the same as the outstanding warrants were anti-dilutive given the loss position of the Group for the respective financial years.

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

	Group		Company	
	As at 31.12.2018 (unaudited)	As at 31.12.2017 (audited)	As at 31.12.2018 (unaudited)	As at 31.12.2017 (audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	8.64	11.04	10.36	10.97

The net asset value per ordinary share of the Group and the Company as at 31 December 2018 and 31 December 2017 are calculated based on the total number of issued ordinary shares of 107,700,000.

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 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.

8(a) Income Statement

(i) Revenue, cost of sales and gross profit

The Group reported a 26% decline in revenue, from S$14.10 million in FY2017 to S$10.44 million in FY2018. The decline in revenue was mainly due to:

1. Decrease in revenue from the Cleanroom Equipment ("**CRE**") segment as a result of decrease in private sector construction activities in the regions where the Group participated in, and no new projects obtained at the start of FY2018 after the current outstanding balance of works on hand were delivered. The CRE segment became more active towards the end of FY2018, and such order books secured by the Group will only materialise in the financial year ending 31 December 2019 ("**FY2019**").

2. Decrease in revenue from Air Purification segment as a result of continuous tightening policies put in place by the People's Republic of China ("**PRC**") government on its property market. The policies implemented primarily relate to, among others, control over purchasing properties for speculation and adjustment of the minimum capital

ratio of fixed asset investment projects according to the economic situations and the necessity of macro-economic control. The selling price ceiling applied on new flats has significantly slowed down the Group's sales of air purification system.

Heating, Ventilation and Air Conditioning ("**HVAC**") segment mainly derived its revenue from Singapore. The decrease in revenue from HVAC segment in FY2018 as compared to FY2017 was minimal.

Cost of sales decreased by 26% or S$2.55 million, as compared to FY2017, which was in line with the decrease in revenue. As a result of the above, gross profit decreased by S$1.11 million, from S$4.42 million in FY2017 to S$3.31 million in FY2018. The Group's gross margin remained at approximately 32% in FY2018 as compared to FY2017.

(ii) Other income

Other income decreased by 92% or S$0.48 million, from S$0.52 million in FY2017 to S$0.04 million in FY2018. This was mainly due to the absence of (i) a gain on disposal of fixed assets amounted to S$0.17 million recorded in FY2017; and (ii) an interest charged on the delay in repayment of refundable deposit in accordance with a sale contract in China amounted to S$0.27 million recorded in FY2017. There were no such one-off incomes being recognised in FY2018.

(iii) Administrative expenses

With a better cost management approach, the Group's administrative expenses reduced by 23% or S$1.51 million from S$6.61 million in FY2017 to S$5.10 million in FY2018. The decrease was mainly due to decrease in staffs cost, travelling expenses and entertainment expenses.

(iv) Other operating expenses

Other operating expenses increased by S$0.60 million, from S$84,000 in FY2017 to S$0.68 million in FY2018, mainly due to the impairment loss of intangible assets of S$0.71 million (as explained below), partially offset by an exchange gain of S$49,000.

In accordance with *SFRS(I) 1-36 Impairment of Assets*, the Group is required to assess at each reporting date if there are indicators that an asset or a cash-generating unit may be impaired. In view that Eindec (Shenzhen) Environmental Technology Co., Ltd ("**Eindec Shenzhen**") continues to incur losses amid the intense competition and volatile economic conditions in the PRC, the Group assessed that there are indicators of impairment on the non-financial assets of Eindec Shenzhen and estimated that the recoverable amount of the non-financial assets to be below its carrying amount. Accordingly, the Group recorded an impairment loss of S$0.71 million on the intangible assets.

(v) Finance income

In FY2018, the Group invested excess cash in short-term capital protected investment with banks to earn higher interest income. Accordingly, the Group recorded an increase in finance income from S$6,000 in FY2017 to S$65,000 in FY2018.

(vi) Finance costs

The Group's finance cost increased by 88% or S$85,000 in FY2018 as compared to FY2017, mainly due to (i) increase in finance leases of S$0.14 million to finance the purchase of plant and equipment; and (ii) increase in the interest expense of the outstanding loan due to the ultimate holding company of S$62,000 in FY2018, arising from an increase in three-months Singapore Swap Offer rate from 1.096% as at 31 December 2017 to 1.997% as at 31 December 2018. The interest rate of the outstanding loan due to the ultimate holding company was charged at a rate equivalent to the three-months Singapore Swap Offer Rate plus 3.5%.

(vii) Tax income

In FY2018, the Group recognised tax income of S$80,000 mainly due to overprovision of prior year tax expenses by the Company's subsidiaries in the PRC and Malaysia.

As a result of the above, the Group's loss for the year increased by 33% or S$0.62 million, from S$1.85 million in FY2017 to S$2.47 million in FY2018.

8(b) Statement of financial position

The Group's working capital and net assets decreased in tandem with the losses reported by the Group in FY2018. As at 31 December 2018, the Group recorded positive working capital of S$5.29 million and the net asset value per share stood at 8.64 Singapore cents.

(i) Non-current assets

Non-current assets decreased by S$0.61 million, from S$4.98 million as at 31 December 2017 to S$4.37 million as at 31 December 2018, mainly due to decrease in intangible assets.

As explained in Part 8(a)(iv) above, the Group recorded an impairment loss on intangible assets of S$0.71 million in FY2018. As a result, intangible assets decreased from S$0.64 million as at 31 December 2017 to nil as at 31 December 2018.

Property, plant and equipment amounted to S$4.37 million as at 31 December 2018, as compared to S$4.34 million as at 31 December 2017. Depreciation of property, plant and equipment increased by S$0.11 million or 37% in FY2018 mainly due to increased depreciation charges in relation to renovation cost incurred for the new office of the Company which it shifted into since June 2017.

(ii) Current assets

Current assets decreased by S$3.0 million, from S$16.09 million as at 31 December 2017 to S$13.09 million as at 31 December 2018, mainly due to decrease in trade and other receivables, and cash and bank balances, partially offset by increase in inventories and short-term financial instrument.

Trade and other receivables decreased by S$4.48 million or 53%, from S$8.47 million as at 31 December 2017 to S$3.99 million as at 31 December 2018. The Group's debtor turnover days improved significantly from 206 days as at 31 December 2017 to 124 days as at 31 December 2018, mainly due to recovery of overdue receivables in FY2018.

Cash and bank balances decreased by S$1.29 million or 31%, from S$4.18 million as at 31 December 2017 to S$2.89 million as at 31 December 2018. Please refer to Section 8(c) below on the statement of cash flows for explanations on the decrease in cash and cash equivalents of the Group.

Inventories as at 31 December 2018 increased by S$0.40 million or 12% mainly due to increase in work in progress items.

Short-term financial instrument of S$2.29 million as at 31 December 2018 (nil as at 31 December 2017) relates to investment in short-term capital protected investment with banks to earn higher interest income. The tenure of the investment ranged from 60 days to 63 days with interest rate ranged between 2.85% to 4.05%.

(iii) Non-current liabilities

Non-current liabilities increased by S$0.08 million or 29%, from S$0.28 million as at 31 December 2017 to S$0.36 million as at 31 December 2018, due to increase in loans and borrowings, and deferred tax liabilities.

Loans and borrowings, which comprised finance leases, increased marginally from S$28,000 as at 31 December 2017 to S$76,000 as at 31 December 2018. The increase was mainly attributed to finance lease entered in relation to the purchase of plant and equipment, which amounted to S$0.14 million, partially offset by repayment of finance lease amounted to S$48,000 and the reclassification of current portion of finance leases from non-current liabilities to current liabilities of S$44,000.

Deferred tax liabilities increased by S$28,000 or 18% from S$0.15 million as at 31 December 2017 to S$0.18 million as at 31 December 2018, due to under provision of prior year deferred tax liabilities recorded by the Group.

(iv) Current liabilities

Current liabilities decreased by S$1.11 million, from S$8.91 million as at 31 December 2017 to S$7.80 million as at 31 December 2018, mainly due to decrease in loans and borrowings, and trade and other payables.

Loans and borrowings decreased by S$0.16 million, from S$1.09 million as at 31 December 2017 to S$0.93 million as at 31 December 2018, mainly due to repayment of overdraft facilities and term loan, partially offset by reclassification of the finance leases from non-current liabilities to current liabilities.

Trade and other payables decreased by S$0.65 million from S$7.41 million as at 31 December 2017 to S$6.76 million as at 31 December 2018. The decrease in trade and other payables was in line with the decrease in revenue. Notwithstanding the above, the Group's creditor's turnover days increased from 197 days as at 31 December 2017 to 205 days as at 31 December 2018 due mainly to slower repayment to suppliers.

8(c) Statement of cash flows

Net cash generated from operating activities in FY2018 was S$1.73 million. This was mainly due to (i) decrease in trade and other receivables of S$4.41 million, partially offset by (i) loss before changes in working capital of S$1.21 million, and (ii) decrease in trade and payables of S$1.05 million.

Net cash used in investing activities in FY2018 was S$2.73 million, mainly due to (i) purchase of plant and equipment of S$0.32 million; (ii) investment of excess cash in short-term financial instrument of S$2.24 million; and (iii) capitalisation of development cost of S$0.19 million. The cash outflow was partially offset by proceeds from disposal of plant and equipment of S$23,000.

Net cash used in financing activities in FY2018 was S$0.18 million, mainly due to (i) interest paid of S$82,000; (ii) proceeds from short-term financing of S$54,000; and (iii) repayment of finance lease obligations of S$48,000.

As a result, the Group's cash and bank balances decreased by S$1.17 million in FY2018 to S$2.28 million as at 31 December 2018.

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

The unaudited financial results for FY2018 set out in this announcement are in line with the profit guidance announcement released by the Company on 20 February 2019.

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.

Based on preliminary estimates, the Building and Construction Authority ("**BCA**") awarded S$30.5 billion (2017: S$24.5 billion) of construction contracts in FY2018, of which S$18.4 billion (2017: S$15.5 billion) and S$12.1 billion (2017: S$9 billion) went to public and private sector respectively[1]. As the demand for our products lags behind the general construction activities led by the consultants and large building contractors in FY2018, this may lead to improved business opportunities in the next 12 months, in light of the strong pipeline of major infrastructure projects. The same sentiment was shared by 21% of the civil engineering contractors who expect business outlook to be more favourable for January 2019 to June 2019 ("**1H2019**") as compared to second half of FY2018, as reported by the BCA's Business Expectations Survey for 1H2019[2]. The BCA had also on 14 January 2019 projected that S$27 billion to S$35 billion worth of construction contracts will be awarded in FY2019[3]. Notwithstanding improved business outlook in FY2019 as compared to FY2018, the Group anticipates intense competition in tender due to insufficient building construction demand locally.

The air purification business in China will continue to be affected by the continuous tightening policies implemented by the PRC government on its property market. The tough market condition, particularly the selling price ceiling applied on new property in China will pose uncertainties and challenges to the Group. The Group is still actively pursuing opportunities to step out from the residential property market to commercial building, hotels, elementary schools and healthcare segments.

As at the date of this announcement, the Group has secured purchase orders which amounted to an aggregate of approximately S$8.03 million. Barring any unforeseen circumstances, such orders secured by the Group will be predominantly recognised as revenue in FY2019 with the balance being recognised in FY2020.

[1] https://www.bca.gov.sg/newsroom/MR_Prospects2019.html
[2] https://www.bca.gov.sg/Infonet/others/biz_exp_full_report.pdf
[3] https://www.bca.gov.sg/newsroom/MR_Prospects2019.html

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended/declared for the current financial period reported on?

No dividend has been declared or recommended for FY2018.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(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 FY2018, as the Group recorded net loss in FY2018 and the Board of Directors deems it appropriate to conserve funds for the Group's business activities.

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

The Group had obtained a general mandate from shareholders for IPTs at the Company's extraordinary general meeting held on 27 April 2018 ("**IPT Mandate**"). For details, please refer to the Company's circular dated 4 April 2018.

There were no interested person transactions conducted under the IPT Mandate pursuant to Rule 920 that were more than S$100,000 in FY2018.

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

For management purpose, the Group is organized into business units based on the products and services offered, and has three reportable operating segments as follows:

(i) Clean room equipment ("CRE")
A clean room provides an environment where the humidity, temperature and particles in the air are precisely controlled. Clean room equipment includes fan filter units, air showers, clean booths, pass boxes, clean hand dryers and clean benches, amongst others.

(ii) Heating ventilation and air-conditioning products ("HVAC")
Heating ventilation and air-conditioning products are essentially deflection grilles and air diffusers installed to channel and regulate the airflow into the environment within the building to ensure an even distribution of air within the confined space.

(iii) Air purification equipment ("Air Purification")
Air purification equipment (also referred to as air cleaners) are electrical devices that remove solid and gaseous pollutants from the air such as formaldehyde and PM2.5 which may pose adverse health risks that include breathing difficulties, asthma and allergies. Through the function of air filters or sterilizing systems built into each air purification equipment, the concentration of dust, contaminants, fine particles and volatile organic compounds in the air are reduced to the benefit of individuals within the immediate vicinity.

(iv) Others
Others refers to cooling towers which is complementary to the heating ventilation and air-conditioning products in Singapore.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no inter-segment sales within the Group.

The following is an analysis of the Group's revenue and results by reportable segment:

	Revenue		Net Loss	
	FY2018 (unaudited)	FY2017 (audited)	FY2018 (unaudited)	FY2017 (audited)
Group	S$'000	S$'000	S$'000	S$'000
CRE	4,203	5,740	(606)	(1,045)
HVAC	4,451	4,809	(123)	(381)
Air Purification	1,240	3,112	(1,814)	(614)
Others	545	441	86	69
	10,439	14,102	(2,457)	(1,971)
Other income			33	241
Other expenses			59	(23)
Finance costs			(182)	(95)
Loss before income tax			(2,547)	(1,848)
Tax income			80	-
Loss for the year			(2,467)	(1,848)

	As at 31.12.2018 (unaudited)	As at 31.12.2017 (audited)
	S$'000	S$'000
Segment Assets		
CRE	1,339	3,437
HVAC	4,170	2,473
Air Purification	5,444	8,609
Others	139	37
Total segment assets	11,092	14,556
Unallocated assets	6,369	6,515
Consolidated total assets	17,461	21,071
Segment Liabilities		
CRE	436	610
HVAC	85	29
Air Purification	2,768	4,276
Others	188	-
Total segment liabilities	3,477	4,915
Unallocated liabilities	4,674	4,271
Consolidated total liabilities	8,151	9,186

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

Other segment information

	CRE		HVAC		Air Purification		Others		Unallocated	
	FY2018 (unaudited)	FY2017 (audited)	FY2018 (unaudited)	FY2017 (audited)	FY2018 (unaudited)	FY2017 (audited)	FY2018 (unaudited)	FY2017 (audited)	FY2018 (unaudited)	FY2017 (audited)
Group	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
(Reversal of) / Expected credit loss on trade receivables	5	-	29	63	-	-	-	-	(16)	-
Impairment loss of intangible assets	-	-	-	-	705	94	-	-	-	-
Amortisation of intangible assets	-	-	-	-	121	195	-	-	-	-
Depreciation of property, plant and equipment	138	151	148	124	114	24	19	6	-	-
Capital expenditure	-	-	-	-	-	270	-	-	464	607

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of these assets.

	Revenue		Non-Current Assets	
	FY2018 (unaudited)	FY2017 (audited)	FY2018 (unaudited)	FY2017 (audited)
Group	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Singapore	6,696	7,501	539	509
PRC	1,223	3,080	39	795
Malaysia	1,600	2,401	3,795	3,680
Others	920	1,120	-	-
	10,439	14,102	4,373	4,984

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

Please refer to paragraph 8 above.

16. A breakdown of sales

	Group		Increase/ (Decrease)
	FY2018	FY2017	
	S$'000	S$'000	%
(a) Sales reported for first half of year	5,623	6,904	(19)
(b) Operating loss after tax before deducting minority interests reported for first half year	(515)	(741)	(30)
(c) Sales reported for second half of year	4,816	7,198	(33)
(d) Operating loss after tax before deducting minority interests reported for second half year	(2,032)	(1,107)	84

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
Ordinary	-	-
Preference	-	-
Total	-	-

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director of chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) of the Listing Manual – Rules of Catalist.

There is no relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) occupying a managerial position in the issuer or any of its principal subsidiaries.

19 Use of proceeds

Pursuant to the Company's Initial Public Offering ("IPO"), the Company received net proceeds from the IPO of S$4.55 million (the "Net Proceeds"). Please refer to the Company's Offer Document dated 6 January 2016 for further details.

As at the date of this announcement, the Net Proceeds have been utilised as follows:

Purpose	Allocation of Net Proceeds (as disclosed in the Offer Document) (S$'000)	Amount utilised from 8 August to the date of this announcement (S$'000)	Balance of Net Proceeds as at the date of this announcement (S$'000)
Establishment of a new business for environmental and technological solutions products in China	3,300	411	-
Investment in the research and development of new and existing products and establishment and enhancement of manufacturing capabilities	500	-	-
Working Capital (1)	750	-	-
Total	4,550	411	-

Note:
(1) Please refer to the Company's announcement on 7 August 2018 for further information.

20 Confirmation pursuant to Rule 720(1) of the Catalist Rules

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

BY ORDER OF THE BOARD
EINDEC CORPORATION LIMITED

Zhang Wei
Non-Executive Chairman

Singapore, 26 February 2019