

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2018

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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Increase/ (Decrease)
	Year Ended 31 Dec		
	2018	2017	
	Unaudited	Audited	
	S\$'000	S\$'000	%
Revenue	136,660	117,406	16.4
Cost of sales	(117,534)	(101,171)	16.2
Gross profit	19,126	16,235	17.8
Other income	1,508	589	156.0
Distribution expenses	(2,273)	(1,548)	46.8
Administrative expenses	(17,271)	(17,115)	0.9
Other expenses	(53)	(3,850)	-98.6
Results from operating activities	1,037	(5,689)	NM
Finance costs	(895)	(568)	57.6
Profit / (Loss) before tax	142	(6,257)	NM
Tax credit	18	850	-97.9
Profit / (Loss) for the year	160	(5,407)	NM
Profit / (Loss) attributable to:			
Owners of the Company	266	(5,315)	NM
Non-controlling interests	(106)	(92)	15.2
Profit / (Loss) for the year	160	(5,407)	NM
Other comprehensive income			
Item that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from translation of foreign operations	6	(5)	NM
Exchange differences on monetary items forming part of net investment in foreign operations	-	40	-100.0
Other comprehensive income for the year	6	35	-82.9
Total comprehensive income for the year	166	(5,372)	NM
Total comprehensive income attributable to:			
Owners of the Company	272	(5,278)	NM
Non-controlling interests	(106)	(94)	12.8
Total comprehensive income for the year	166	(5,372)	NM

NM denotes not meaningful

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1 (a) (ii) Other notes:

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

	Group	
	Year Ended 31 Dec	
	2018	2017
	Unaudited	Audited
	S\$'000	S\$'000
Amortisation of deferred revenue	(1,300)	(1,300)
Amortisation of intangible assets	264	106
Depreciation for property, plant and equipment	2,291	1,912
Gain on disposal of property, plant and equipment	(25)	(12)
Interest income	(8)	(14)
Interest expense	677	380
Unwinding of discount on onerous contract	218	188
(Reversal of)/Allowance for inventory obsolescence	(92)	217
Bad debts written-off	85	18
(Reversal of)/Impairment loss on trade and other receivables	(455)	208
Impairment loss on property, plant and equipment	-	1,822
Impairment loss on intangible assets	-	119
Net change in fair value of zero-coupon convertible bonds	-	240
Loss on foreign exchange - net	37	33
Plant and equipment written-off	16	3
Provision for onerous contract	-	535

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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 31/12/2018	As at 31/12/2017	As at 01/01/2017	As at 31/12/2018	As at 31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets		(Restated)	(Restated)		
Property, plant and equipment	32,658	34,126	21,512	16	24
Intangible assets and goodwill	1,977	604	690	1	16
Subsidiaries	-	-	-	6,952	6,852
Other investments	-	-	928	-	-
Deferred tax assets	360	581	802	-	-
Non-current assets	34,995	35,311	23,932	6,969	6,892
Asset held for sale	-	4,148	-	-	-
Inventories	11,927	11,595	11,503	-	-
Contract assets	2,032	428	208	-	-
Trade and other receivables	19,862	16,139	13,354	476	690
Other investments	688	688	-	688	688
Cash and cash equivalents	11,757	11,685	25,028	208	695
Current assets	46,266	44,683	50,093	1,372	2,073
Total assets	81,261	79,994	74,025	8,341	8,965
Equity					
Share capital	36,412	36,412	36,412	36,412	36,412
Reserves	(3,035)	(3,041)	(3,078)	300	300
Accumulated losses	(12,422)	(12,688)	(7,373)	(29,508)	(29,341)
Equity attributable to owners of the Company	20,955	20,683	25,961	7,204	7,371
Non-controlling interests	507	52	(1)	-	-
Total equity	21,462	20,735	25,960	7,204	7,371
Liabilities					
Loans and borrowings	19,246	19,512	12,097	-	-
Deferred tax liabilities	396	457	1,427	-	-
Provisions	1,533	2,234	1,570	-	-
Non-current liabilities	21,175	22,203	15,094	-	-
Loans and borrowings:					
- Loan associated with asset held for sale	-	4,252	-	-	-
- Others	4,607	1,663	1,582	-	-
Trade and other payables	19,423	17,067	15,439	1,137	1,594
Provisions	819	714	423	-	-
Contract liabilities	13,222	12,661	14,712	-	-
Current tax payable	553	699	815	-	-
Current liabilities	38,624	37,056	32,971	1,137	1,594
Total liabilities	59,799	59,259	48,065	1,137	1,594
Total equity and liabilities	81,261	79,994	74,025	8,341	8,965

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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 2018 S\$'000	As at 2017 S\$'000 (Restated)
<i>Amount repayable in one year or less, or on demand</i>		
Unsecured		
Term loans	104	-
Secured		
Loan associated with asset held for sale	-	4,252
Bank loans	770	855
Finance lease payables	252	191
Bills payable	3,481	617
	<u>4,503</u>	<u>5,915</u>
	<u>4,607</u>	<u>5,915</u>
<i>Amount repayable after one year</i>		
Unsecured		
Term loans	73	-
Secured		
Bank loans	18,484	19,248
Finance lease payables	689	264
	<u>19,173</u>	<u>19,512</u>
	<u>19,246</u>	<u>19,512</u>

Details of collateral:

The borrowings are secured on:-

- (i) property, plant and equipment with net book values as at 31 December 2018 of S\$24,409,138 (31 December 2017: S\$29,323,350); 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	
	2018	2017
	S\$'000	S\$'000
Cash flows from operating activities		
Profit / (Loss) for the year	160	(5,407)
Adjustments for:		
Amortisation of deferred revenue	(1,300)	(1,300)
Amortisation of intangible assets	264	106
Depreciation of property, plant and equipment	2,291	1,912
Gain on disposal of property, plant and equipment	(25)	(12)
(Reversal) / Impairment loss on trade and other receivables	(455)	208
Impairment loss on property, plant and equipment	-	1,822
Impairment loss on intangible assets	-	119
Interest expenses	895	568
Interest income	(8)	(14)
Property, plant and equipment written-off	16	3
Provisions	-	535
Tax credit	(18)	(850)
Net change in fair value of zero-coupon convertible bonds	-	240
	1,820	(2,070)
Changes in:		
Inventories	(332)	(92)
Trade and other receivables	(1,286)	(2,993)
Contract assets	(1,604)	(220)
Trade and other payables	2,250	2,995
Provisions	(824)	(422)
Contract liabilities	561	(2,051)
Cash generated from/(used in) operations	585	(4,853)
Tax paid	-	(15)
Net cash from/(used in) operating activities	585	(4,868)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(1,493)	-
Interest received	8	14
Proceeds from disposal of property, plant and equipment	3,857	19
Purchase of intangible assets	(43)	(206)
Purchase of property, plant and equipment	(3,932)	(19,563)
Proceed from sale of asset held for sale	4,148	-
Net cash generated from/(used in) investing activities	2,545	(19,736)
Cash flows from financing activities		
Interest paid	(667)	(380)
Proceeds from borrowings	-	14,875
Repayment of borrowings	(5,478)	(3,334)
Changes in bills payable	2,864	35
Payment of finance lease liabilities	(273)	(114)
Capital injection by non-controlling interest of a subsidiary	490	147
Net cash (used in)/from financing activities	(3,064)	11,229
Net increase/(decrease) in cash and cash equivalents	66	(13,375)
Cash and cash equivalents at beginning of year	11,685	25,028
Effect of foreign exchange fluctuations on cash held	6	32
Cash and cash equivalents at end of year	11,757	11,685

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	Acquisition Date	Provisional Fair Value Date
	S \$'000	S \$'000
2018: JAD Solutions Pte Ltd		
Plant and equipment	340	340
Cash and cash equivalents	7	7
Trade and other receivables	1,982	1,982
Amount due from a director	441	441
Trade and other payables	(1,919)	(1,919)
Loans and borrowings	(863)	(863)
Net tangible liabilities	<u>(12)</u>	<u>(12)</u>
Fair value of identifiable intangible assets acquired		188
Deferred tax arising from the identifiable assets		(32)
Non-controlling interest based on proportionate interest (49%)		(71)
Goodwill arising on consolidation		<u>1,427</u>
Purchase consideration		1,500
Cash of subsidiary acquired		<u>(7)</u>
Net cash flow from acquisition of subsidiary		<u><u>1,493</u></u>

On 31 July 2018, the Group acquired 51% of the equity interest in JAD Solutions Pte Ltd (“JAD”) and from that date, the Group gained control of JAD. The transaction was accounted for by the acquisition method of accounting. The fair values of identifiable assets acquired and liabilities assumed shown above for JAD are provisional as the hindsight period (of not more than twelve months) allowed by SFRS (I) 3 Business Combinations will expire on 31 July 2019.

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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

<u>Group</u>	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated losses	Total equity attributable to owners of the Company	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017, as previously reported	36,412	(3,078)	(398)	(6,975)	25,961	(1)	25,960
Effects of adoption of new accounting standards	-	-	398	(398)	-	-	-
Balance at 1 January 2017, as restated	36,412	(3,078)	-	(7,373)	25,961	(1)	25,960
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)	37	(12,688)	20,683	52	20,735

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

<u>Group</u>	Share capital	Capital reserve	Foreign currency translation reserves	Accumulated losses	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018, as restated	36,412	(3,078)	37	(12,688)	20,683	52	20,735
Profit for the year	-	-	-	266	266	(106)	160
Other comprehensive income							
Foreign currency translation differences from translation of foreign operations	-	-	6	-	6	-	6
Total comprehensive income for the year	-	-	6	266	272	(106)	166
Transactions with owners, recognised directly in equity							
Acquisition of a subsidiary	-	-	-	-	-	71	71
Capital injection by non-controlling interest of a subsidiary	-	-	-	-	-	490	490
At 31 December 2018	36,412	(3,078)	43	(12,422)	20,955	507	21,462

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STATEMENT OF CHANGES IN EQUITY (CONTINUED)

<u>Company</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Company (Audited)</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	<u>36,412</u>	<u>300</u>	<u>(29,341)</u>	<u>7,371</u>
<u>Company (Unaudited)</u>				
At 1 January 2018	36,412	300	(29,341)	7,371
Total comprehensive income for the year				
-Loss for the year	-	-	(167)	(167)
At 31 December 2018	<u>36,412</u>	<u>300</u>	<u>(29,508)</u>	<u>7,204</u>

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 2018 to 31 December 2018.

The Company did not have any outstanding options or convertibles as at 31 December 2018 and 31 December 2017.

There were also no treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

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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 2018 and 31 December 2017.

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

- (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.**

Other than as mentioned in Paragraph 5 below regarding the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective 1 January 2018, there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 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.**

The Group adopted the new financial reporting framework - SFRS(I), in accordance with all Singapore-incorporated companies listed on the Singapore Exchange (SGX) for annual periods beginning on or after 1 January 2018. The Group assessed the transition provisions and elected to reset the cumulative translation differences recorded in the foreign translation reserve as at 1 January 2017 to \$NIL. The cumulative balance of S\$0.4 million was transferred to accumulated losses as at 1 January 2017.

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The Group also adopted the following SFRS(I) that are effective for annual periods beginning on or after 1 January 2018:

- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers

On adoption with SFRS(I) 15, contract assets and contract liabilities are presented in the statement of financial position. The comparatives have also been restated to take this into account.

Other than as disclosed above, the adoption of the above did not result in any substantial change in the financial statements.

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	
	2018	2017
Net profit / (loss) attributable to shareholders (S\$'000)	<u>266</u>	<u>(5,315)</u>
Weighted average number of ordinary share in issue (No. of shares) - basic	250,447,985	250,447,985
Earnings / (Loss) per share (Singapore cents) – basic and diluted	0.11	(2.12)

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 31-Dec-18	As at 31-Dec-17	As at 31-Dec-18	As at 31-Dec-17
Net assets attributable to shareholders (S\$'000)	<u>20,955</u>	<u>20,683</u>	<u>7,204</u>	<u>7,371</u>
Net asset value per share as at the end of the financial year (Singapore cents) ¹	<u>8.37</u>	<u>8.26</u>	<u>2.88</u>	<u>2.94</u>

Note: The total numbers of issued shares (excluding treasury shares) were 250,447,985 as at 31 December 2018 and 31 December 2017.

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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 generated revenue of S\$136.7 million for the financial year ended 31 December 2018 ("FY2018"), an increase of S\$19.3 million, or 16.4% compared to S\$117.4 million in the financial year ended 31 December 2017 ("FY2017"). The Aircon Division reported an increase in revenue of S\$19.1 million, or 12.9% compared to FY2017. The increase in revenue was mainly due to higher sales to aircon wholesalers booked by the trading department, and the full year contribution of revenue from regional sales by our 51%-owned subsidiary, Natural Cool Asia Pte Ltd. The Paint Division also reported an increase in revenue of S\$0.4 million, or 17.3% compared to FY2017. The Investment Division recorded lower revenues of S\$0.2 million.

Gross profit margins were 14.0% in FY2018, 0.2 percentage points higher than FY2017. Gross profit margins improved at our Aircon Division's commercial installation department, Lifestyle Guru subsidiary, and at our Investment Division.

Other income increased by S\$0.9 million or 156% in FY2018 mainly due to the higher recovery of bad debts of S\$0.5 million at our Aircon Division and Investment Division and a recovery of legal expenses from our insurers of S\$0.3 million.

Distribution expenses increased by S\$0.7 million or 46.8% in FY2018 mainly due to higher entertainment expenses, travelling expenses and commission expenses as a result of increased business development efforts.

There was no significant fluctuation in administrative expenses in FY2018 compared to FY2017.

Other expenses decreased by S\$3.8 million or 98.6% in FY2018. Impairments on property, plant and equipment, and intangible assets, as well as provision for onerous contracts incurred in FY2017 of S\$2.5 million did not recur in FY2018.

Finance costs increased by S\$0.3 million or 57.6% in FY2018 mainly due to interest costs incurred on the loan for the building at 87 Defu Lane that we acquired during the year.

The Group utilised the group relief scheme to transfer the current and prior year trade losses from the holding company to a profitable subsidiary to reduce the Group's tax expenses.

Arising from the above, the Group reported a profit after income tax of S\$0.2 million in FY2018.

Review of Statements of Financial Position

Property, plant and equipment decreased by S\$1.5 million or 4.3% in FY2018 mainly due to depreciation of S\$2.3 million for the year and disposal of assets (including two properties at Toh Guan Road) of S\$3.8 million. However, we also incurred renovation expenditure of S\$3.0 million, purchases of motor vehicle of S\$0.8 million and other plant and equipment of S\$0.5 million.

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Intangible assets and goodwill increased by S\$1.4 million or 227% mainly due to the goodwill arising from the acquisition of a 51% interest in JAD amounting to S\$1.4 million, reduced by amortisation expenses relating to other intangible assets of S\$0.2 million.

Asset held for sale in FY2017 related to the property located at 38 Lok Yang Way which was sold in November 2018.

Contract assets increased by S\$1.6 million or 374.8% due to the higher volume works performed on certain projects but not billed to customers towards the end of FY2018.

Trade and other receivables increased by S\$3.7 million or 23.1% as compared to 31 December 2017 mainly as a result of higher sales volume contributed by the Aircon Division towards the end of FY2018 and accrued revenue for maintenance works performed.

Loans and borrowings (current and non-current) decreased by S\$1.6 million or 6.2% mainly due to the full repayment of the loan relating to the property located at 38 Lok Yang Way amounting to S\$4.3 million, general loan repayment of S\$1.2 million, and hire purchases repayment amounting S\$0.3 million. However, we recorded new hire purchase liabilities of S\$0.7 million and an increase in bills payable of S\$2.9 million for the purchase of inventories. The remaining increase was due to borrowings by JAD which was acquired in FY2018.

Trade and other payables increased by S\$2.4 million or 13.8% in FY2018 mainly due to higher purchases made by our Aircon Division in Nov and Dec 2018.

Provisions (comprising current and non-current) decreased by S\$0.6 million mainly due to the utilisation of the provision of onerous contract during FY2018 which was credited to the Group's income statement.

Contract liabilities increased by S\$0.6 million or 4.4% in FY2018.

Current tax payable decreased by S\$0.1 million or 20.9% mainly due to the Group transferring current and prior year trade losses from the holding company to a profitable subsidiary through the group relief scheme.

Review of Statement of Cash Flows

In FY2018, the Group recorded net cash inflow of S\$1.8 million before changes in working capital.

The Group recorded negative working capital flows of S\$1.2 million mainly attributed to increases in trade and other receivables of S\$1.3 million, contract assets of S\$1.6 million and trade and other payables of S\$2.3 million. The increase in trade and other receivables and trade and other payables are generally in line with the increases in business activities of the Group towards the end of FY2018. These was offset by the reduction in provision of S\$0.8 million.

The Group recorded net cash generated from investing activities of S\$2.6 million in FY2018 mainly due to the proceeds received from the sale of properties located in Toh Guan Road and Lok Yang Way amounting to S\$8.0 million. These was offset by the purchases of plant and equipment of S\$3.9 million and acquisition of a 51% interest in a new subsidiary – JAD of S\$1.5 million.

The Group recorded net cash used in financing activities of S\$3.1 million in FY2018 due mainly to loan repayments.

As a result, the Group's cash and cash equivalents increased by S\$0.1 million in FY2018.

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

No forecast or prospect statement was previously disclosed to shareholders.

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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 continue to be challenging for the next 12 months. The Group will continue to enhance its efforts to promote sales and to increase margins by improving operational efficiency and rationalising cost structure in order to enhance our competitiveness.

The Group is also wary of any continued and sustained rises in bank interest rates which may increase our total borrowing costs.

With respect to our Aircon Division, we expect any continued appreciation of the US Dollar to impact the cost of our imports of Aircon materials.

Subsequent to the year-end, the Group entered into various agreements to incorporate a new company to invest in the food and beverage ("F&B") business. This acquisition allows the Group to foray into the food and beverage business as a means to build a potentially new source of revenue and profits.

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 and the reason(s) for the decision.

No dividend has been declared for FY2018 as the profits were retained for business use.

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 FY2018.

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.

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2018

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

FY2018	Aircon	Investment	Paint	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses				
External revenue	129,130	3,733	3,797	136,660
Inter-segment revenue	7,845	545	2,428	10,818
Total revenue of reportable segments	136,975	4,278	6,225	147,478
Finance income	(18)	(22)	-	(40)
Finance costs	491	227	209	927
Depreciation and amortisation	2,018	357	154	2,529
Reportable segment profit/(loss) before tax	3,031	(1,701)	(323)	1,007
Other material non-cash items:				
-Reversal of allowance for inventory obsolescence	(92)	-	-	(92)
-Amortisation of deferred revenue	-	(1,300)	-	(1,300)
-Bad debts written-off	69	2	14	85
-Reversal of impairment loss on receivables - net	(367)	(88)	-	(455)
Reportable segment assets	79,017	1,462	2,374	82,853
Capital expenditure	4,125	183	15	4,323
Reportable segment liabilities	53,260	5,652	7,478	66,390

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Operating segment

FY2017	Aircon	Investment	Paint	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and expenses				
External revenue	110,079	3,965	3,362	117,406
Inter-segment revenue	43	544	21	608
Total revenue of reportable segments	110,122	4,509	3,383	118,014
Finance income	(5)	(16)	(9)	(30)
Finance costs	218	195	178	591
Depreciation and amortisation	1,303	275	410	1,988
Reportable segment profit/(loss) before tax	2,780	(2,162)	(3,503)	(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	7	8	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	-	535	-	535
Reportable segment assets	67,457	6,452	6,799	80,708
Capital expenditure	19,585	232	156	19,973
Reportable segment liabilities	44,873	14,951	11,606	71,430

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

	<u>FY2018</u>	<u>FY2017</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Revenues		
Total revenue for reportable segments	147,478	118,014
Elimination of inter-segment revenue	<u>(10,818)</u>	<u>(608)</u>
Consolidated revenue	<u>136,660</u>	<u>117,406</u>
Profit or loss		
Total profit / (loss) for reportable segments	1,007	(2,885)
Other losses	<u>(865)</u>	<u>(3,372)</u>
Consolidated profit / (loss) before income tax	<u>142</u>	<u>(6,257)</u>
Assets		
Total assets for reportable segments	82,853	80,708
Other assets	1,389	1,746
Elimination of inter-segment assets	<u>(2,981)</u>	<u>(2,460)</u>
Consolidated total assets	<u>81,261</u>	<u>79,994</u>
Liabilities		
Total liabilities for reportable segments	66,390	71,430
Other liabilities	241	1,527
Elimination of inter-segment liabilities	<u>(6,832)</u>	<u>(13,698)</u>
Consolidated total liabilities	<u>59,799</u>	<u>59,259</u>

Other material items in FY2018	Reportable	Adjustments	Consolidated
	segment totals		totals
	S\$'000	S\$'000	S\$'000
Finance income	(40)	32	(8)
Finance cost	927	(32)	895
Depreciation and amortisation	2,529	26	2,555
Reversal of allowance for inventory obsolescence	(92)	-	(92)
Amortisation of deferred revenue	(1,300)	-	(1,300)
Bad debts written-off	85	-	85
Reversal of impairment loss on receivables - net	(455)	-	(455)
Capital expenditure	4,323	4	4,327

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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	535	-	535
Net change in fair value of zero-coupon convertible bonds	-	240	240
Capital expenditure	19,973	15	19,988

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2018

- 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		Increase/ (Decrease) %
	2018 S\$'000	2017 S\$'000	
(a) Sales reported for first half year	65,991	54,031	22.14
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(371)	(630)	41.11
(c) Sales reported for second half year	70,669	63,375	11.69
(d) Operating profit / (loss) after tax before deducting non-controlling interests reported for second half year	531	(4,777)	NM

- 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 FY2018 and FY2017.

- 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
26 February 2019

Unaudited Full Year Financial Statements and Dividend Announcement for the financial year ended 31 December 2018

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 this announcement.

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