



## **CFM Holdings Limited**

(Incorporated in Singapore under Registration No. 200003708R)

# **Full Year Financial Statements for the Year Ended 30 June 2018**

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

The Board of Directors announces the results of the Group and Company for the financial year ended 30 June 2018.

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

	<b>The Group</b>	
	<b>30 June 2018 S\$'000</b>	<b>30 June 2017 S\$'000</b>
<b>Revenue</b>	22,627	21,167
Cost of sales	(18,283)	(17,349)
<b>Gross profit</b>	4,344	3,818
Other income	1,798	726
Marketing and distribution expenses	(402)	(548)
Administrative and other expenses	(5,917)	(5,804)
Finance costs	(296)	(277)
<b>Loss before tax</b>	(473)	(2,085)
Tax expense	(335)	(13)
<b>Loss for the year</b>	(808)	(2,098)
<b>Other comprehensive income/(loss)</b>		
Currency translation differences arising on consolidation	242	(68)
Realisation of foreign currency translation reserve on disposal of subsidiaries	(35)	361
<b>Other comprehensive income, net of tax</b>	207	293
<b>Total comprehensive loss for the year</b>	(601)	(1,805)
<b>Loss attributable to:</b>		
Equity holders of the Company	(808)	(2,098)
Non-controlling interests	-	-
<b>Loss for the year</b>	(808)	(2,098)
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Company	(601)	(1,805)
Non-controlling interests	-	-
	(601)	(1,805)

**The Group's loss/(profit) for the financial year is arrived at after charging/(crediting) the following:-**

	<b>The Group</b>	
	<b>30 June 2018 S\$'000</b>	<b>30 June 2017 S\$'000</b>
Allowance for doubtful trade receivables	-	31
Allowance for doubtful trade receivables written back	-	(130)
Audit fees paid/payable to		
- auditor of the Company	69	71
- other auditors	61	66
Bad debts written off <sup>#</sup>	927	24
Depreciation of property, plant and equipment	1,116	895
Directors' fees paid/payable to non-executive directors of the Company	54	45
(Gain)/loss on disposal of property, plant and equipment	(4)	3
Loss/(gain) on foreign exchange	60	(14)
Impairment loss on property, plant and equipment	156	93
Interest income	(5)	(10)
Interest on borrowings and finance leases	296	277
Inventories written down	12	272
Inventories written back	(267)	(47)
Inventories written off	36	85
Staff costs	7,634	7,827
Overprovision for tax in prior years	(48)	(140)
(Gain)/loss on disposal of a subsidiary <sup>#</sup>	(919)	321

<sup>#</sup> Bad debts written off of S\$921,000 and gain on disposal of a subsidiary of S\$919,000 is in relation to the disposal of the Group's former indirect subsidiaries, CFM Precision Tooling Sdn Bhd ("**CFM Precision**") and PT Hantong Precision Manufacturing Batam.

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2018 S\$'000</b>	<b>30 June 2017 S\$'000</b>	<b>30 June 2018 S\$'000</b>	<b>30 June 2017 S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	11,661	12,592	1	4
Investments in subsidiaries	-	-	14,945	11,748
Trade receivables	83	226	-	-
	<u>11,744</u>	<u>12,818</u>	<u>14,946</u>	<u>11,752</u>
<b>Current assets</b>				
Inventories	2,313	2,409	-	-
Trade receivables	5,485	5,036	113	130
Other receivables and prepayments	393	515	8	8
Amounts due from subsidiaries	-	-	2,501	3,126
Available-for-sale financial asset	-	-	-	-
Cash and cash equivalents	4,455	4,457	447	1,050
	<u>12,646</u>	<u>12,417</u>	<u>3,069</u>	<u>4,314</u>
<b>Total assets</b>	<u>24,390</u>	<u>25,235</u>	<u>18,015</u>	<u>16,066</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	30	71	-	-
Borrowings	5,242	5,552	-	-
Deferred tax liabilities	413	384	91	91
	<u>5,685</u>	<u>6,007</u>	<u>91</u>	<u>91</u>
<b>Current liabilities</b>				
Trade payables	2,630	2,607	-	1
Other payables	2,435	3,713	467	1,336
Amount due to subsidiaries	-	-	19	-
Finance lease liabilities	77	111	-	-
Borrowings	1,729	2,311	725	1,402
Income tax payable	112	18	12	11
Provision	697	101	-	-
	<u>7,680</u>	<u>8,861</u>	<u>1,223</u>	<u>2,750</u>
<b>Total liabilities</b>	<u>13,365</u>	<u>14,868</u>	<u>1,314</u>	<u>2,841</u>
<b>Net assets</b>	<u>11,025</u>	<u>10,367</u>	<u>16,701</u>	<u>13,225</u>

	The Group		The Company	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Equity</b>				
Share capital	22,963	21,704	22,963	21,704
Accumulated losses	(9,526)	(8,718)	(6,262)	(8,479)
Foreign currency translation reserve	(2,412)	(2,619)	-	-
Equity attributable to owners of the company	11,025	10,367	16,701	13,225
Non-controlling interests	-	-	-	-
<b>Total equity</b>	<b>11,025</b>	<b>10,367</b>	<b>16,701</b>	<b>13,225</b>

**1(b)(ii) Aggregate amount of Group's borrowing and debt securities.**

**Amount repayable in one year or less, or on demand**

	<b>As at 30 June 2018</b>		<b>As at 30 June 2017</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Finance lease liabilities	77	-	111	-
Borrowings	1,729	-	2,311	-
	<u>1,806</u>	<u>-</u>	<u>2,422</u>	<u>-</u>

**Amount repayable after one year**

	<b>As at 30 June 2018</b>		<b>As at 30 June 2017</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Finance lease liabilities	30	-	71	-
Borrowings	5,242	-	5,552	-
	<u>5,272</u>	<u>-</u>	<u>5,623</u>	<u>-</u>

**Details of any collateral:**

- a. Legal mortgage over freehold lands and buildings of a subsidiary with a combined net carrying value of approximately S\$0.70 million as at 30 June 2018 (FY2017: S\$0.70 million);
- b. Legal mortgage over leasehold lands and buildings and the fixed and floating charge on all present and future assets and joint and several guarantee from Directors of a subsidiary with a combined net carrying value of approximately S\$1.77 million as at 30 June 2018 (FY2017: S\$1.96 million);
- c. Charges over the machinery, equipment and motor vehicles of certain of our subsidiaries with a total net carrying value of approximately S\$0.14 million as at 30 June 2018 (FY2017: S\$0.29 million);
- d. With reference to (c) above, certain of the property, plant & equipment which are under finance lease and bank facilities are secured by guarantee from two of the directors;
- e. As at 30 June 2018, fixed deposits amounting to S\$0.08 million (FY2017: S\$1.17 million) were pledged with financial institutions as securities for loans and credit facilities granted to the Group;
- f. Construction loan pertaining to the Singapore factory has been drawn down to S\$4.94 million as at 30 June 2018 (FY2017: S\$4.94 million) and has been converted into mortgage loan on 1 January 2016. The bank facility for this building is secured by the fixed and floating charge on all present and future property at the premise and undertakings in connection with the operations of the property as approved by Housing & Development Board. In addition, two of the directors have placed their personal property as collateral to the bank to secure the banking loan. As at 30 June 2018, the net carrying amount of the leasehold lands and buildings are approximately S\$6.87 million (FY2017: S\$7.27 million); and
- g. Corporate guarantees issued by the Company.

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

	<b>Group</b>	
	<b>30 June 2018 S\$'000</b>	<b>30 June 2017 S\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(473)	(2,085)
Adjustments for:		
(Gain)/loss on disposal of a subsidiary	(919)	321
Depreciation on property, plant and equipment	1,116	895
(Gain)/loss on disposal of property, plant and equipment	(4)	3
Impairment loss on property, plant and equipment	156	93
Inventory write down	12	272
Inventory write off	36	85
Inventory write back	(267)	(47)
Interest expenses	296	277
Interest income	(5)	(10)
Operating cash flows before working capital changes	(52)	(196)
Inventories	93	190
Receivables and prepayments	(361)	1,004
Payables	904	(620)
Foreign currency translation adjustment	(54)	20
Cash generated from operating activities	530	398
Interest received	5	10
Income tax paid	(207)	(128)
<b>Net cash generated from operating activities</b>	<b>328</b>	<b>280</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (Note A)	(104)	(199)
Proceeds from disposal of property, plant and equipment	4	9
Proceeds from disposal of a subsidiary, net of cash disposed (Note B)	(135)	386
Repayment of outstanding consideration for the acquisition of a subsidiary	-	(600)
<b>Net cash used in investing activities</b>	<b>(235)</b>	<b>(404)</b>

	<b>Group</b>	
	<b>30 June 2018 S\$'000</b>	<b>30 June 2017 S\$'000</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,786)	(1,894)
Proceeds from borrowings	1,792	1,266
Interest paid	(296)	(277)
Net repayment of finance lease liabilities	(122)	(133)
Net proceeds from Rights Issue	1,259	-
Fixed deposits pledged with financial institutions	1,089	514
<b>Net cash generated from/(used in) financing activities</b>	<b>936</b>	<b>(524)</b>
Net increase/(decrease) in cash and cash equivalents	1,029	(648)
Cash and cash equivalents at beginning of the financial year	3,286	3,978
Effect of exchange rate changes on opening cash and cash equivalents	59	(44)
<b>Cash and cash equivalents at end of the financial year</b>	<b>4,374</b>	<b>3,286</b>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents the following:-

	<b>Group</b>	
	<b>30 June 2018 S\$'000</b>	<b>30 June 2017 S\$'000</b>
Cash and cash equivalents		
Fixed deposits	81	1,171
Cash and bank balances	4,374	3,286
	<b>4,455</b>	<b>4,457</b>
Less : fixed deposits pledged with bank	(81)	(1,171)
	<b>4,374</b>	<b>3,286</b>

#### **Note A**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$0.14 million (2017: S\$0.31 million) of which S\$0.04 million (2017: S\$0.11 million) was financed by means of finance lease, cash payment of S\$0.10 million (2017: S\$0.20 million) was made to purchase property, plant and equipment.



**Note B**

In 2018, the Group disposed its indirectly subsidiaries, CFM Precision and PT Hantong Precision Manufacturing Batam for S\$4.00. In 2017, the Group disposed the entire issued share capital of Hantong Metal Component (KL) Sdn Bhd for RM 2.0 million (Approximately S\$0.64 million based on the exchange rate of S\$1: RM3.1194). the book values of net assets of subsidiaries disposed were as follow;

	<b>FY2018</b> <b>S\$'000</b>	<b>FY2017</b> <b>S\$'000</b>
Property, plant and equipment	27	77
Inventory	291	112
Trade receivables	229	379
Deposit, prepayment and other receivables	52	73
Cash and cash equivalents	135	251
Trade payables	(465)	(254)
Other payables	(1,212)	(41)
Deferred tax liabilities	59	-
<b>Net liabilities/(assets) disposed of</b>	<b>(884)</b>	<b>597</b>
Net gain/(loss) on disposal	919	(321)
Realisation of foreign currency translation reserve	(35)	361
<b>Sale proceeds</b>	<b>-</b>	<b>637</b>
Less: Bank balances and cash disposed	(135)	(251)
<b>Cash flow on disposal</b>	<b>(135)</b>	<b>386</b>

- (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.

	Attributable to equity holders of the Company					
	Equity, total S\$'000	Equity attributable to equity holders of the Company, total S\$'000	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Non- controlling interests S\$'000
<b>The Group</b>						
<b>Balance at 1 July 2017</b>	10,367	10,367	21,704	(8,718)	(2,619)	-
Issue of new ordinary shares under Rights Issue	1,395	1,395	1,395	-	-	-
Share issue expense	(136)	(136)	(136)	-	-	-
	1,259	1,259	1,259	-	-	-
Loss for the year	(808)	(808)	-	(808)	-	-
<u>Other comprehensive loss:</u>						
Currency translation differences arising on consolidation	242	242	-	-	242	-
Realisation of foreign currency translation reserve on disposal of subsidiaries	(35)	(35)	-	-	(35)	-
Other comprehensive income, net of tax	207	207	-	-	207	-
Total comprehensive loss for the year	(601)	(601)	-	(808)	207	-
<b>Balance at 30 June 2018</b>	11,025	11,025	22,963	(9,526)	(2,412)	-

	Attributable to equity holders of the Company					
	Equity, total S\$'000	Equity attributable to equity holders of the Company, total S\$'000	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translatio n reserve S\$'000	Non- controlling interests S\$'000
<b>The Group</b>						
<b>Balance at 1 July 2016</b>	12,172	12,172	21,704	(6,620)	(2,912)	-
Loss for the year	(2,098)	(2,098)	-	(2,098)	-	-
<u>Other comprehensive loss:</u>						
Currency translation differences arising on consolidation	(68)	(68)	-	-	(68)	-
Realisation of foreign currency translation reserve on disposal of a subsidiary	361	361	-	-	361	-
Other comprehensive income, net of tax	293	293	-	-	293	-
Total comprehensive loss for the year	(1,805)	(1,805)	-	(2,098)	293	-
<b>Balance at 30 June 2017</b>	10,367	10,367	21,704	(8,718)	(2,619)	-

	Equity, total S\$'000	Share Capital S\$'000	Accumulated losses S\$'000
<b>The Company</b>			
<b>Balance at 1 July 2017</b>	13,225	21,704	(8,479)
Profit and total comprehensive income for the financial year	2,217	-	2,217
Issue of new ordinary shares under Rights Issue	1,395	1,395	-
Share issue expense	(136)	(136)	-
	1,259	1,259	-
<b>Balance at 30 June 2018</b>	16,701	22,963	(6,262)

	Equity, total S\$'000	Share capital S\$'000	Accumulated losses S\$'000
<b>The Company</b>			
<b>Balance at 1 July 2016</b>	20,829	21,704	(875)
Loss and total comprehensive loss for the financial year	(7,604)	-	(7,604)
<b>Balance at 30 June 2017</b>	13,225	21,704	(8,479)

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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 reported on and as at the end of the corresponding period of the immediately preceding financial year**

Please refer to 1(d)(iii).

**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.**

	30 June 2018	30 June 2017
Total number of issued shares	108,518,995	108,518,995
Number of ordinary shares issued pursuant to the Rights Issue on 18 December 2017	93,016,281	-
	<u>201,535,276</u>	<u>108,518,995</u>

The Company did not hold any treasury shares, subsidiary holdings or other convertibles as at 30 June 2018 and 30 June 2017.

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

Not Applicable. The Company did not hold any treasury shares during and as at the end of the current financial year reported on.

**1(d)(v) A statement showing all sales, transfers, disposal, 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 at the end of the current financial year 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 nor reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not Applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation have been adopted for the current financial year ended 30 June 2018 as compared to the audited consolidated financial statements for the financial year ended 30 June 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 the effect of change.**

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards in 2018. The Group will adopt the new financial reporting framework on 1 July 2018.

On transition to the new financial reporting framework, the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 July 2017, and accordingly, the gain or loss that will be recognized on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 July 2017. The Group expects to reclassify debit amount of \$2,619,000 foreign currency translation reserve to the opening retained earnings as at 1 July 2017.

Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of the new financial reporting framework will have no material impact on the financial statements in the year of initial application.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>The Group</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>Loss attributable to equity holders of the Company</b>		
<b>(S\$'000)</b>	<u>(808)</u>	<u>(2,098)</u>
<b>Weighted average ordinary share ('000) for calculation of:</b>		
a) Basic earnings per share	<u>161,166</u>	<u>114,860</u>
b) Diluted earnings per share	<u>161,166</u>	<u>114,860</u>
<b>Losses per share (in cents)</b>		
a) Based on weighted average number of ordinary shares in issue	<u>(0.50)</u>	<u>(1.83)</u>
b) On a fully diluted basis	<u>(0.50)</u>	<u>(1.83)</u>

In December 2017, the Company issued 93,016,281 ordinary shares for cash pursuant to a renounceable underwritten Rights issue on the basis of 6 rights share for every 7 existing shares in the capital of the Company. The Comparatives have been restated to account for the effect of the rights issue.

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.**

	30 June 2018	30 June 2017
<b>The Group</b>		
Net asset value per ordinary share – include non-controlling interests (in cents)	<u>5.47</u>	<u>9.55</u>
<b>The Company</b>		
Net asset value per ordinary share (in cents)	<u>8.29</u>	<u>12.19</u>

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 Consolidated Profit and Loss Statement for the Financial Year Ended 30 June 2018 ("FY2018") vs Financial Year Ended 30 June 2017 ("FY2017")**

**Revenue**

For FY2018, the Group registered a revenue of S\$22.63 million which was an increase of S\$1.46 million from the previous corresponding financial year. The increase was mainly due to increase in demand of metal stamping and fabrication and contributions in trading of clean room products, offset by lower revenue in tooling segment.

**Gross Profit**

Our gross profit increased from S\$3.82 million in FY2017 to S\$4.34 million in FY2018. The gross profit margin also increased from 18.04% to 19.20% for the same period. The increase in gross profit was in line with the increase in revenue during the current financial year. The increase in gross profit margin was mainly due to the contribution from the trading of clean room products.

**Other Income**

Other income in FY2018 consists of income from rental income (S\$0.68 million), interest from fixed deposit and insurance claim of (S\$0.01 million), government grant (S\$0.03 million), gain on disposal of subsidiaries (S\$0.92 million) and other miscellaneous income (S\$0.14 million). Other income has increased from S\$0.73 million in FY2017 to S\$1.78 million in FY2018 which was mainly attributed by:

- a. the higher rental income collected from more space rented out during the current financial period;
- b. gain on disposal on subsidiaries.

**Marketing Expenses**

Marketing expenses decreased from S\$0.55 million in FY2017 to S\$0.40 million in FY2018 was mainly due to reduce in headcount and the impact from the disposal of the Company's wholly owned subsidiary, Hantong Metal Component (KL) Sdn Bhd in FY2017.

## **Administrative and Other Expenses**

Administrative expenses in FY2018 consist mainly of directors' remuneration and salary expenses (S\$2.51 million), professional fees (S\$0.26 million), depreciation charge (S\$0.59 million), land lease, office rental and property tax for Singapore factory (S\$0.32 million), office repairs and maintenance (S\$0.27 million), printing & stationery (S\$0.05 million), travelling expenses (S\$0.09 million), bad debts written off (S\$0.93 million), telephone (S\$0.06 million), provision for inventory obsolescence (S\$0.01 million), inventory written off (S\$0.04 million), provision for litigation fees (S\$0.58 million), impairment of property, plant and equipment (S\$0.16) and other miscellaneous expenses (S\$0.05 million).

It has increased from S\$5.80 million in FY2017 to S\$5.92 million in FY2018 mainly due to:

- a. increase in bad debts written off mainly from the Group's former subsidiary, PT Hantong Precision Manufacturing Batam; and
- b. provision of litigation fees during the current financial year; offset by
- c. decrease in Directors' remuneration and salary expenses;
- d. decrease in legal and professional fees;
- e. decrease in the provision for the obsolete stock;
- f. the impact from the disposal of the Company's wholly owned subsidiary, Hantong Metal Component (KL) Sdn Bhd in FY2017;

## **Finance Costs**

Finance costs increase from S\$0.28 million in FY2017 to S\$0.30 million in FY2018. The increase in finance costs was mainly due to increase in bank interest rates and proceeds of short term borrowings by one of wholly owned subsidiary of the Company.

## **Tax Expense**

The increase in tax expense in current financial year was attributed to the income tax expenses incurred for certain profitable subsidiaries in China, Republic of Slovak and Malaysia.

## **Loss for the Year**

Overall, the Group recorded a loss after tax of S\$0.81 million in FY2018 as compared to a loss after tax of S\$2.09 million in FY2017.

The results for the financial year ended 30 June 2018 is in line with the Company's profit guidance announcement on 15 August 2018.

## **Review of Consolidated Balance Sheet (FY2018 vs. FY2017)**

### **Non-Current Assets**

#### **Company Level**

The investment in subsidiaries was increased from S\$11.75 million in FY2017 to S\$14.95 million in FY2018. During the current financial year, the Management performed an impairment test for its investment in subsidiaries. As a result of the assessment, the Management have made reversal of impairment loss in investment in Singapore subsidiaries of S\$1.36 million (FY2017: impairment loss of \$6.66 million) and reversal of impairment loss on China subsidiary for S\$1.84 million (FY2017: S\$0.56 million).

#### **Group Level**



Property, plant and equipment decreased from S\$12.59 million as at 30 June 2017 to S\$11.66 million as at 30 June 2018. The decrease is mainly due to depreciation charge of S\$1.11 million, disposal of property, plant and equipment of S\$0.04 million, impairment of property, plant and equipment of S\$0.16 million offset by translation difference of S\$0.24 million and purchase of property, plant and equipment of S\$0.14 million during the current financial year.

Trade receivables decreased from S\$0.23 million as at 30 June 2017 to S\$0.08 million as at 30 June 2018. The decrease was mainly due to reclassification of accounts from non-current to current.

### **Current Assets**

Trade receivables increased from S\$5.04 million as at 30 June 2017 to S\$5.49 million as at 30 June 2018. The increase was mainly due to higher sales orders from the customers during the current financial year reported. The average trade receivables turnover days of the group was 88 days (FY2017: 87 days).

Other receivables as at 30 June 2018 consist mainly of deposits and prepayments (S\$0.33 million), tax recoverable mainly from Malaysian tax authorities (S\$0.06 million) and other receivables (S\$0.01 million). It has decreased from S\$0.52 million as at 30 June 2017 to S\$0.40 million as at 30 June 2018. The decrease was mainly due to the decrease in tax recoverable from the tax authority and other debtors during the current financial year.

### **Current Liabilities**

Other payables amounting to S\$2.44 million as at 30 June 2018 comprised mainly:

- a. Accrued expenses of S\$0.82million, mainly accrued employee related expenses and other non-trade related expenses;
- b. Other creditors of approximately of S\$1.07 million (mainly construction cost of S\$0.90 million);
- c. approximately S\$0.55 million for others consist of provision of withholding tax, provision for directors' fees and rental and deposit received.

The decreased of other payables from S\$3.71 million as at 30 June 2017 to S\$2.44 million as at 30 June 2018 was mainly due to repayment to the Directors from the proceeds of the Rights Issue during the current financial period, decrease in accrued staff related expenses and impact from the disposal of CFM Precision and PT Hantong Precision Manufacturing Batam during the current financial year.

The increase in provision from S\$0.10 million as at 30 June 2017 to S\$0.70 million as at 30 June 2018 was mainly due to provision for litigation fees by one of wholly owned subsidiary, Hantong Metal Component (Penang) Sdn Bhd ("**HTPG**") of S\$0.60 million.

Reports on the current litigation cases:-

- i) T-Net International (H.K.) Co. Limited (formerly known as Showa International (HK) Co. Ltd ("Showa"))

Subsequent to the announcement dated 4 February 2015, 27 August 2015, 5 February 2016, 26 August 2016, 9 February 2017, 25 August 2017, 9 February 2018 and 6 April 2018, the Malaysian Court had released its Judgement on 4 April 2018. The salient points of the judgement can be found at the Company's announcement dated 6 April 2018.

HTPG had filed an appeal on the Judgment dated 4 April 2018 to Court of Appeal. The Court of Appeal is now fixed for case management on 29 August 2018 pending the HTPG obtaining Grounds of Judgement from Alor Setar High Court. At the same time,

HTPG also filed an application in Alor Setar High Court to stay the Judgement pending the Hearing of the HTPG's appeal to Court of Appeal.

At the same time, Showa has also filed an application for assessment of damages which will also be stayed pending the outcome of HTPG's appeal at Court of Appeal.

As at date of this announcement, HTPG has made a provision of S\$0.60 million according to the Judgement dated 4 April 2018.

As the date of this announcement, the outcome from the Court of Appeal is still uncertain. The Company will keep the shareholders informed of the progress of the Claims and will make further announcements, when appropriate.

Shareholders should note that the date is subjected to change and the Company will make necessary announcements as and when there are material developments on this matter.

### **Finance Lease and Borrowings**

Total borrowings for the Group decreased from S\$8.05 million as at 30 June 2017 to S\$7.08 million as at 30 June 2018. This was mainly due to the repayment of the finance lease and borrowings, offset by proceeds from new short-term loan during the current financial year.

### **Review of Consolidated Statement of Cash Flows (FY2018 vs. FY2017)**

For the financial year ended 30 June 2018, the Group had generated net cash inflow of S\$0.33 million from its operating activities as compared to net cash inflow of S\$0.28 million for FY2017.

The increase in net cashflow was due to the Group generated operating cash outflow before working capital changes of S\$0.05 million in FY2018, as compared to cash outflow of S\$0.20 million in FY2017 mainly due to loss before tax of S\$0.47 million in FY2018 as compared to loss before tax of S\$2.09 million in FY2017. As a result of a decrease in inventories of S\$0.09 million, increase in receivables of S\$0.36 million and payables of S\$0.90 million, the Group recorded a net cash generated from operating activities of S\$0.33 million in FY2018.

Net cash used in investing activities amounted to S\$0.24 million in FY2018 as compared to S\$0.41 million in FY2017. The net cash flow used was mainly for the purchase of property, plant & equipment of S\$0.10 million, net of cash outflow from the disposal of indirect subsidiaries S\$0.14 million and proceeds from disposal of property, plant and equipment S\$4,000.

Net cash generated from financing activities of approximately S\$0.93 million in FY2018 was mainly attributed by:

- a. proceeds from borrowings of S\$1.79 million;
- b. Withdrawal of fixed deposit pledged with financial institutions of S\$1.09million; offset by
- c. repayment of borrowings of S\$2.79 million;
- d. net repayment of finance lease liabilities of approximately S\$0.12 million;
- e. Net proceeds from the Rights Issue of approximately S\$1.26 million; and
- f. Interest payment of S\$0.30 million.

As a result of the above, the Group's cash and cash equivalent increased from S\$3.29 million as at FY2017 to S\$4.37 million as at FY2018.

### **9. Where a forecast or a prospect statement, has been previously disclosed to the 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.**

The Group expects that the Group's core business will remain competitive. While there has been a recent upturn in general economic sentiment, the customers have increased their orders to the Group. The Management is optimistic that the performance may be improved after a series of attempts and efforts have been taken to turnaround the adverse position.

- 11. If a decision regarding dividend has been made:**

**(a) Whether an interim (Final) ordinary dividend has been declared (recommended); and**

No.

**(b) (i) Amount per share (cents)**

Not applicable.

**(b) (ii) Previous corresponding period (cents)**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) Books closure date**

Not applicable.

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

No dividend has been declared/recommendeded for the financial year ended 30 June 2018.

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

### 13. 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 – business segments

	Metal Stamping		Tooling		Components and parts		Cleanroom products		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue										
Sales to external customers	18,527	17,318	1,015	1,277	307	297	2,778	2,275	22,627	21,167
Segmental result	81	(440)	267	90	12	126	545	137	905	(87)
Unallocated segment									(1,082)	(1,721)
Finance costs									(296)	(277)
Loss before tax									(473)	(2,085)
Income tax expense									(335)	(13)
Loss after tax									(808)	(2,098)
Group Assets and Liabilities										
Segmental assets	21,570	21,622	142	724	353	436	1,863	1,254	23,928	24,036
Unallocated assets									462	1,199
Total assets									24,390	25,235
Segmental liabilities	4,618	4,400	128	343	-	34	549	307	5,295	5,084
Unallocated liabilities									8,070	9,784
Total liabilities									13,365	14,868

**13. 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 – business segments (cont'd)**

	Metal Stamping		Tooling		Components and parts		Cleanroom products		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other segment information										
Capital expenditure	79	251	42	35	-	-	24	23	145	309
Depreciation of property, plant and equipment	1,060	853	26	2	-	-	30	40	1,116	895
Impairment loss on property, plant and equipment	156	93	-	-	-	-	-	-	156	93

**Geographical information**

	Singapore		Malaysia		United States of America		Slovak Republic		Czech Republic		Netherlands		Others*		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	5,557	4,609	6,907	8,442	396	197	2,225	1,728	947	1,037	1,221	1,012	5,374	4,142	22,627	21,167
Non-current assets	7,060	7,551	2,670	2,984	-	-	1,835	1,950	-	-	-	-	96	107	11,661	12,592
Other geographical information																
Capital expenditure	52	98	45	152	-	-	45	36	-	-	-	-	3	23	145	309

\* Other comprise Indonesia, Hong Kong, The People's Republic of China, Mexico, United Kingdom, Germany, Hungary and Romania.

14. 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 note 8.

15. A breakdown of sales.

	The Group			
	FY2018 S\$'000	FY2017 S\$'000	Changes S\$'000	%
Sales reported for the first half year	11,168	10,665	503	4.7
Loss after tax before deducting non-controlling interests reported for the first half year	55	(966)	1,021	NM
Sales reported for second half year	11,459	10,502	957	9.1
Loss after tax before deducting non-controlling interests reported for the second half year	(863)	(1,132)	269	NM

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

	Latest Full Year S\$	Previous Full Year S\$
Ordinary Share	-	-
Preference Share	-	-

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

The Group has not obtained a general mandate from the shareholders for interested person transactions. There were interested party transactions under S\$100,000 conducted during the financial year under review with the following interested persons;

No	Company/Individual Name	Interested Persons
1	CFM Solutions Pte Ltd	Andrew Ip Jowa, son of Mr Ip Kwok Wing* and Ms Janet Lim Fong Li^, is the Director and shareholder of CFM Solutions Pte Ltd
2	CFM Precision	Ms Lim Fong Li Janet^ is Director of CFM Precision. CFM Precision has been disposed off during the financial year.
3	Eversheds Harry Elias Partnership LLP	Mr Ong Wei Jin, the Company's Independent Director is the Partner of the firm
4	Ms Lim Fong Li Janet	the CEO and substantial shareholder of the Company

Notes:

\*Mr Ip Kwok Wing is the Executive Chairman and substantial shareholder of the Company

^ Ms Janet Lim Li Fong is CEO and substantial shareholder of the Company

## 18. Use of Proceeds from the Rights Issue

Please refer to the Company's announcement on the Use of Proceeds from the Rights issue dated 24 August 2018.

## 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.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ip Kwok Wing	65	Husband of Ms Janet Lim Fong Li, CEO and substantial shareholder of the Company.	(i) Current Position: Executive Chairman (ii) Duties: Responsible for the strategic planning, expansion and growth of the Group (iii) Appointed Since: Year 2000	N.A.
Janet Lim Fong Li	61	Wife of Mr Ip Kwok Wing, Executive Chairman and substantial shareholder of the Company	(i) Current Position: Chief Executive Officer (ii) Duties: Responsible for overseeing the day-to-day operations, finance and overall management of the Group (iii) Appointed Since: Year 2000	N.A.
Kenneth Ip Yew Wa	34	Son of Mr Ip Kwok Wing (Executive Chairman and substantial shareholder of the Company) and Ms Janet Lim Fong Li (CEO and substantial shareholder of the Company)	(i) Current Position: Executive Director, Executive Officer of CFM Slovakia s.r.o and General Manager of Hantong Metal Component (Penang) Sdn Bhd. (ii) Duties: Overall performance of Hantong Metal Component (Penang) Sdn Bhd (iii) Appointed Since: 8 July 2013	N.A.
Andrew Ip Jowa	29	Son of Mr Ip Kwok Wing (Executive Chairman and substantial shareholder of the Company) and Ms Janet Lim Fong Li (CEO and substantial shareholder of the Company)	(i) Current Position: Sales Manager of Hantong Metal Component Sdn Bhd. (ii) Duties: Overall sales and marketing of Hantong Metal Component Sdn Bhd (iii) Appointed Since: 4 September 2017	N.A.

## **20. Confirmation Pursuant to Rule 720(1) of the Catalist Rules**

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Rules.

### **BY ORDER OF THE BOARD**

**Lim Fong Li Janet**  
**Chief Executive Officer**  
**24 August 2018**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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