



CLARIFICATION ON THE COMPANY'S ANNOUNCEMENT ON MATERIAL DIFFERENCES BETWEEN AUDITED AND UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FY2017

The Board of Directors (the "Board") of Acma Ltd (the "Company") wish to provide additional information/clarification in respect to the Company's announcement made on 12 April 2018.

SGX Request

Please provide the background, circumstances and basis for each head of reclassification and adjustment in the Announcement.

Company Response

We set out below additional information/clarification to the notes on the differences between the audited and unaudited Consolidated Statement of Cash Flows for FY2017 as follows:

Note A - Reclassification within operating activities and between investing activities:

(i) The Proceeds from disposal of plant and equipment of S\$128K; (ii) the Gain on disposal of property, plant and equipment of S\$88K; and (iii) the Loss on fair value revaluation of derivative instruments of S\$99K were all previously incorrectly reflected in Unrealised foreign exchange differences.

(iv) The amount of S\$55K was in respect of Unrealised foreign exchange difference pertaining to the purchase of Property, plant and equipment previously incorrectly netted off against Proceeds of borrowings in the Unaudited Cash flow Statement.

Consequently, the aforesaid adjustments resulted in the following changes in the Cash Flow Statement:-

Operating Activities:

Unrealised foreign exchange differences -

Per unaudited results

Adjustment (i) above

Per audited results

S\$'000

461

(194)

267

(Gain)/Loss on disposal of property, plant and equipment -

Per unaudited results

Adjustment (ii) above

Per audited results

5

(88)

(83)

Loss on fair value revaluation of derivative instruments -

Per unaudited results

Adjustment (iii) above

Per audited results

-

99

99

Investing Activities:

Proceeds from disposal of plant and equipment -

Per unaudited results

Adjustment (i) above

Adjustment (ii) above

Adjustment (iii) above

Adjustment (iv) above

Per audited results

-

194

88

(99)

(55)

128

Note B - Reclassification within operating activities:

The Trade payable write-back of S\$60K had previously been classed in Changes in trade and other payables. Following completion of audit, the auditors were of the view that it would be better reflected as a separate adjustment to Operating cash flows before movements in working capital.

S\$'000

Trade payables written-back -

Per unaudited results

Adjustment above

Per audited results

-

(60)

(60)

Trade and other payables -

Per unaudited results

Adjustment above

Per audited results

10,329

60

10,389

Note C - Adjustments between operating activities and financial activities:

Interest expense of S\$177K relating to interest on finance lease had not been previously correctly disclosed, After audit, Cash Flow Statement was adjusted to reflect the Interest paid.

S\$'000

Operating Activities:

Interest expense -	
Per unaudited results	646
Adjustment above	<u>177</u>
Per audited results	<u>823</u>

Financing Activities:

Interest paid -	
Per unaudited results	(646)
Adjustment above	<u>(177)</u>
Per audited results	<u>(823)</u>

Note D - Reclassification within operating activities:

Write-back on impairment loss of long-term operating lease of S\$368K was previously set-off against Amortisation of long-term operating lease. After audit, the Cash Flow Statement was amended to show the Write-back as a separate item.

S\$'000

Amortisation of long-term operating lease -	
Per unaudited results	193
Adjustment above	368
Rounding	<u>(1)</u>
Per audited results	<u>560</u>

Write-back on impairment loss of long-term operating lease -	
Per unaudited results	-
Adjustment above	<u>(368)</u>
Per audited results	<u>(368)</u>

Note E - Reclassification between operating activities and investing activities:

Long-term deposits and prepayment of S\$384K was previously classed in Amortisation of other assets in Total operating cash flows before movements in working capital was reclassified after audit to Net cash flows in investing activities.

S\$'000

Operating Activities:

Amortisation of other assets -	
Per unaudited results	105
Adjustment above	384
Rounding	<u>4</u>
Per audited results	<u>493</u>

Investing Activities:

Increase in long-term deposits and prepayments -	
Per unaudited results	(89)
Adjustment above	<u>(384)</u>
Per audited results	<u>(473)</u>

Note F - Reclassification within operating activities:

Allowance on impairment of inventory obsolescence of S\$121K was previously classed in Changes in inventories and work-in-progress. After audit, it was shown separately as an adjustment to Total operating cash flows before movements in working capital for better disclosure.

S\$'000

Allowance on impairment of inventory obsolescence -	
Per unaudited results	-
Adjustment above	<u>121</u>
Per audited results	<u>121</u>
Changes in inventories and work-in-progress -	
Per unaudited results	(4,603)
Adjustment above	<u>(121)</u>
Per audited results	<u>(4,724)</u>

Note G – Reclassification within operating activities:

- (i) Reversal of impairment of doubtful receivables of S\$557K was previously reflected as part of Allowance/ (Write-back) on impairment of doubtful receivables under Total operating cash flows before movements in working capital. After audit, it was shown separately as an adjustment to Operating cash flow for better disclosure.
- (ii) There was also a S\$118K impairment provision of doubtful receivables that had previously not been separately reflected as an adjustment in the Cash Flow Statement but netted off in the movement in Trade and other receivables. After audit, the impairment provision was included as an adjustment to Total operating cash flows and a corresponding adjustment made in relation to Trade and other receivables.

	S\$'000
Allowance on impairment of doubtful receivables -	
Per unaudited results	(551)
Adjustment (i) above	557
Adjustment (ii) above	118
Rounding	(1)
Per audited results	<u>123</u>
Reversal of impairment of doubtful receivables -	
Per unaudited results	-
Adjustment (i) above	(557)
Per audited results	<u>(557)</u>
Trade and other receivables -	
Per unaudited results	(6,771)
Adjustment (ii) above	(118)
Per audited results	<u>(6,889)</u>

Note H – Reclassification between investing activities and financing activities:

- (i) Repayment of finance lease of S\$1.962 million was previously incorrectly classed in Purchase of property, plant and equipment.
- (ii) There were Proceeds of bank borrowings of S\$4.673 million which were previously netted off against Repayment of bank borrowings.
- (iii) Repayment of finance leases amounting to S\$1.891 million has also previously been incorrectly shown as Repayment of bank borrowings.
- (iv) There were Unrealised foreign exchange differences amounting to S\$55K in relation to Repayment of bank borrowings.

	S\$'000
Investing Activities:	
Purchase of property, plant and equipment -	
Per unaudited results	(4,260)
Adjustment (i) above	1,962
Per audited results	<u>(2,298)</u>
Financing Activities:	
Proceeds from bank borrowings -	
Per unaudited results	18,629
Adjustment (ii) above	4,673
Per audited results	<u>23,302</u>
Repayments of bank borrowings -	
Per unaudited results	(17,720)
Adjustment (i) above	(1,962)
Adjustment (ii) above	(4,673)
Adjustment (iii) above	1,891
Adjustment (iv) above	55
Rounding	(1)
Per audited results	<u>(22,410)</u>
(Repayments of)/Proceeds from finance lease -	
Per unaudited results	1,548
Adjustment (iii) above	(1,891)
Per audited results	<u>(343)</u>

BY ORDER OF THE BOARD

Quek Sim Pin
Executive Chairman

27 April 2018