



CFM Holdings Limited
(Incorporated in Singapore under Registration No. 200003708R)

**Full Year Financial Statement for the Period Ended
30 June 2015**

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 2015.

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

| | The Group | |
|--|-------------------------------------|-------------------------------------|
| | 30 June 2015 S\$'000 | 30 June 2014 S\$'000 |
| Revenue | 31,029 | 34,757 |
| Cost of sales | <u>(25,722)</u> | <u>(28,223)</u> |
| Gross profit | 5,307 | 6,534 |
| Other income | 963 | 534 |
| Marketing and distribution expenses | (778) | (1,113) |
| Administrative and other expenses | (5,839) | (5,112) |
| Finance costs | <u>(79)</u> | <u>(62)</u> |
| (Loss)/Profit before tax | (426) | 781 |
| Tax expense | <u>(157)</u> | <u>(381)</u> |
| (Loss)/profit for the year | (583) | 400 |
| Other comprehensive loss | | |
| Currency translation differences arising on consolidation | <u>(1,050)</u> | <u>(176)</u> |
| Total comprehensive (loss)/income attributable to equity holders of the Company | <u>(1,633)</u> | <u>224</u> |
| Profit attributable to: | | |
| Equity holders of the Company | (582) | 400 |
| Non-controlling interests | <u>(1)</u> | <u>-</u> |
| (Loss)/profit for the year | <u>(583)</u> | <u>400</u> |
| Total comprehensive (loss)/income attributable to: | | |
| Equity holders of the Company | (1,632) | 239 |
| Non-controlling interests | <u>(1)</u> | <u>(15)</u> |
| | <u>(1,633)</u> | <u>224</u> |

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

| | The Group | |
|--|----------------------------|----------------------------|
| | 30 June 2015 S\$'000 | 30 June 2014 S\$'000 |
| Allowance for doubtful trade receivables | 1 | 112 |
| Allowance for doubtful non-trade receivables | - | 39 |
| Allowance for doubtful non-trade receivables written back | (16) | - |
| Amortisation of intangible assets | 35 | |
| Audit fees paid/payable to auditor of the Company | | |
| - current year | 74 | 65 |
| - underprovision in prior year | - | 3 |
| Audit fee paid/payable to other auditors | | |
| - current year | 83 | 73 |
| Bad trade debts written off | 83 | 22 |
| Depreciation | | |
| - property, plant and equipment | 1,312 | 1,165 |
| - investment properties | 5 | 8 |
| Directors' fees paid/payable to non-executive directors of the Company | 64 | 70 |
| Gain on disposal of property, plant and equipment | (111) | (59) |
| Gain on disposal of investment properties | (186) | - |
| Gain on foreign exchange | (352) | (37) |
| Interest income | (8) | (7) |
| Interest on borrowings and finance leases | 79 | 62 |
| Inventories written down | 91 | 59 |
| Inventories written back | (85) | (22) |
| Property, plant and equipment written off | 5 | 17 |
| Staff costs | 8,600 | 8,788 |
| Underprovision for tax in prior years | 22 | 4 |
| Waiver of trade payables | - | (99) |
| Waiver of non-trade payables | - | (10) |

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.

| | The Group | | The Company | |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 30 June 2015 S\$'000 | 30 June 2014 S\$'000 | 30 June 2015 S\$'000 | 30 June 2014 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 15,076 | 13,059 | 10 | 10 |
| Investment properties | - | 318 | - | - |
| Intangible assets | 664 | - | - | - |
| Investments in subsidiaries | - | - | 18,364 | 8,496 |
| Amount due from subsidiaries | - | - | - | 31 |
| | <u>15,740</u> | <u>13,377</u> | <u>18,374</u> | <u>8,537</u> |
| Current assets | | | | |
| Inventories | 3,798 | 4,107 | - | - |
| Trade receivables | 8,807 | 7,257 | 169 | 176 |
| Other receivables and prepayments | 826 | 1,043 | 23 | 136 |
| Amounts due from subsidiaries | - | - | 5,197 | 4,254 |
| Available-for-sale financial asset | - | - | - | - |
| Cash and cash equivalents | 5,500 | 5,821 | 1,348 | 2,265 |
| | <u>18,931</u> | <u>18,228</u> | <u>6,737</u> | <u>6,831</u> |
| Total assets | <u>34,671</u> | <u>31,605</u> | <u>25,111</u> | <u>15,368</u> |
| Non-current liabilities | | | | |
| Finance lease liabilities | 138 | 241 | - | - |
| Borrowings | 1,588 | 149 | - | - |
| Deferred tax liabilities | 577 | 597 | 91 | 91 |
| | <u>2,303</u> | <u>987</u> | <u>91</u> | <u>91</u> |
| Current liabilities | | | | |
| Trade payables | 3,789 | 3,898 | - | - |
| Other payables | 4,572 | 4,502 | 1,506 | 551 |
| Amount due to subsidiaries | - | - | - | - |
| Finance lease liabilities | 148 | 178 | - | - |
| Borrowings | 7,144 | 3,638 | 1,402 | - |
| Income tax payable | 65 | 119 | 11 | 11 |
| | <u>15,718</u> | <u>12,335</u> | <u>2,919</u> | <u>562</u> |
| Total liabilities | <u>18,021</u> | <u>13,322</u> | <u>3,010</u> | <u>653</u> |
| Net assets | <u>16,650</u> | <u>18,283</u> | <u>22,101</u> | <u>14,715</u> |

| | The Group | | The Company | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 30 June 2015 S\$'000 | 30 June 2014 S\$'000 | 30 June 2015 S\$'000 | 30 June 2014 S\$'000 |
| Equity | | | | |
| Share capital | 21,704 | 21,704 | 21,704 | 21,704 |
| (Accumulated losses)/retained earnings | (2,635) | (2,053) | 397 | (6,989) |
| Other reserves | (2,419) | (1,369) | - | - |
| Equity attributable to owners of the company | 16,650 | 18,282 | 22,101 | 14,715 |
| Non-controlling interests | - | 1 | - | - |
| Total equity | 16,650 | 18,283 | 22,101 | 14,715 |

1(b)(ii) Aggregate amount of Group's borrowing and debt securities.**Amount repayable in one year or less, or on demand**

| | As at 30 Jun 2015 | | As at 30 Jun 2014 | |
|---------------------------|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Finance lease liabilities | 148 | - | 178 | - |
| Borrowings | 7,144 | - | 3,638 | - |
| | <u>7,292</u> | <u>-</u> | <u>3,816</u> | <u>-</u> |

Amount repayable after one year

| | As at 30 Jun 2015 | | As at 30 Jun 2014 | |
|---------------------------|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Finance lease liabilities | 138 | - | 241 | - |
| Borrowings | 1,588 | - | 149 | - |
| | <u>1,726</u> | <u>-</u> | <u>390</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\$1.02 million as at 30 June 2015 (FY2014: S\$1.12 million);
- b) Charges over the machinery, equipment and motor vehicles of certain of our subsidiaries with a total net carrying value of approximately S\$0.59 million as at 30 June 2015 (FY2014: S\$0.69 million);
- c) Joint personal guarantees from two of our directors for finance lease on certain machineries purchased by a subsidiary amounting to S\$4,900 as at 30 June 2015 (FY2014: S\$0.01 million);
- d) As at 30 June 2015, fixed deposits amounting to S\$1.73 million (FY2014: S\$1.65 million) were pledged with financial institutions as securities for loans and credit facilities granted to the Group;
- e) Construction loan pertaining to the Singapore factory has been drawn down to S\$4.94 million (FY2014: S\$2.74 million) as at 30 June 2015 and will be converted into mortgage loan upon completion of the construction and the terms are subject to negotiation with the lender; and
- f) 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.**

| | The Group | |
|--|------------------------|------------------------|
| | 30 Jun 2015 | 30 Jun 2014 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| (Loss)/profit before tax | (426) | 781 |
| Adjustments for: | | |
| Amortisation of intangible assets | 35 | - |
| Depreciation of: | | |
| - property, plant and equipment | 1,312 | 1,165 |
| - investment properties | 5 | 8 |
| Gain on disposal of investment properties | (186) | - |
| Gain on disposal of property, plant and equipment | (111) | (59) |
| Property, plant and equipment written off | 5 | 17 |
| Return on investment in joint venture | - | (78) |
| Write down of inventories | 91 | 59 |
| Write off of inventories | 52 | - |
| Write back of inventories | (85) | (22) |
| Interest expenses | 79 | 62 |
| Interest income | (8) | (7) |
| Operating cash flows before working capital changes | 763 | 1,926 |
| Decrease/(increase) in inventories | 945 | (239) |
| (Increase)/decrease in receivables and prepayments | (750) | 1,390 |
| Increase in payables | (2,355) | (2,508) |
| Foreign translation adjustment | (249) | (71) |
| Cash generated from operations | (1,646) | 498 |
| Interest income received | 8 | 7 |
| Income tax paid | (156) | (324) |
| Net cash (used in)/from operating activities | (1,794) | 181 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment (Note A) | (2,904) | (5,308) |
| Proceeds from disposal of investment properties | 133 | - |
| Proceeds from disposal of property, plant and equipment | 498 | 120 |
| Proceeds from return and refund on investment | - | 305 |
| Acquisition of a subsidiary, net of cash acquired (Note B) | (561) | - |
| Net cash used in investing activities | (2,834) | (4,883) |

| | The Group | |
|---|------------------------------------|------------------------------------|
| | 30 Jun 2015 S\$'000 | 30 Jun 2014 S\$'000 |
| Cash flows from financing activities | | |
| Repayment of borrowings | (820) | (162) |
| Proceeds from borrowings | 5,777 | 2,919 |
| Interest paid | (200) | (90) |
| Net repayment of finance lease liabilities | (230) | (265) |
| Fixed deposits pledged with financial institutions | (80) | 149 |
| Net cash from financing activities | <u>4,447</u> | <u>2,551</u> |
| Net decrease in cash and cash equivalents | (181) | (2,151) |
| Cash and cash equivalents at beginning of the financial year | 4,175 | 6,403 |
| Effect of exchange rate changes on cash and cash equivalents | (220) | (77) |
| Cash and cash equivalents at end of the financial year | <u>3,774</u> | <u>4,175</u> |
| Cash and cash equivalents | | |
| Fixed deposits | 1,726 | 1,814 |
| Cash and bank balances | 3,774 | 4,007 |
| | <u>5,500</u> | <u>5,821</u> |
| Less: Fixed deposits pledged with bank | (1,726) | (1,646) |
| Cash and cash equivalents at end of the financial year | <u>3,774</u> | <u>4,175</u> |

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$3.98 million (FY2014: S\$7.45 million) of which S\$0.10 million (FY2014: S\$0.17 million) was financed by means of finance lease and S\$0.14 million (2014: S\$0.03 million) relates to borrowing costs arising from a bank loan borrowed specifically for the purpose of the construction of a leasehold building which have been capitalised. Cash payment of S\$2.90 million (FY2014: S\$5.31 million) was made to purchase property, plant and equipment of which S\$1.92 million (2014: S\$2.74 million) was paid from the proceeds from borrowings. An amount of S\$0.84 million relating to the construction cost of the building in Singapore was unpaid as at 30 June 2015.

Note B

On 15 January 2015, the Group acquired the entire issued share capital of CFM Intrade Pte. Ltd. (formerly known as Intrade Pte. Ltd.) for S\$2.00 million. The Group has acquired CFM Intrade Pte. Ltd. in order to diversify some of its business risks. The fair values of the identifiable assets and liabilities of CFM Intrade Pte. Ltd. as at the date of acquisition were as follows:

| | Group S\$'000 |
|--------------------------------------|--------------------------|
| Property, plant and equipment | 26 |
| Inventories | 693 |
| Trade and other receivables | 680 |
| Cash and cash equivalents | 439 |
| Intangible Assets | 699 |
| Trade and other payables | (467) |
| Provision for tax | (5) |
| Deferred tax liability | (131) |
| Fair value of purchase consideration | 1,934 |
| Deemed interest expense | 66 |
| Total purchase consideration | <u>2,000</u> |

The total purchase consideration is repayable in five (5) tranches with the last payment due on 30 June 2017. The fair value purchase consideration of S\$1,934,000 is determined based on discounting the deferred consideration using the market rate prevailing on acquisition date of 2.94% per annum.

| | S\$'000 |
|--|----------------|
| Purchase consideration: | |
| Cash paid | 1,000 |
| Unpaid consideration | 1,000 |
| | <u>2,000</u> |
| Cash inflow/(outflow) on acquisition: | |
| Cash paid | (1,000) |
| Cash and cash equivalents in subsidiary acquired | 439 |
| Net cash outflow from the acquisition | <u>(561)</u> |

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.

| | 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 |
| The Group | | | | | | |
| Balance at 1 July 2014 | 18,283 | 18,282 | 21,704 | (2,053) | (1,369) | 1 |
| Loss for the year | (583) | (582) | - | (582) | - | (1) |
| <u>Other comprehensive loss:</u> | | | | | | |
| Currency translation differences arising on consolidation | (1,050) | (1,050) | - | - | (1,050) | - |
| Total comprehensive loss for the year | (1,633) | (1,632) | - | (582) | (1,050) | (1) |
| Balance at 30 June 2015 | 16,650 | 16,650 | 21,704 | (2,635) | (2,419) | - |

| | 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 | Other reserves, total S\$'000 | Premium paid on acquisition of non- controlling interests S\$'000 | Foreign currency translation reserve S\$'000 | Non- controlling interests S\$'000 |
| The Group | | | | | | | | |
| Balance at 1 July 2013 | 18,205 | 18,043 | 21,704 | (2,364) | (1,297) | (89) | (1,208) | 162 |
| Profit for the year | 400 | 400 | - | 400 | - | - | - | - |
| <u>Other comprehensive loss:</u> | | | | | | | | |
| Currency translation differences arising on consolidation | (176) | (161) | - | - | (161) | - | (161) | (15) |
| Total comprehensive income for the year | 224 | 239 | - | 400 | (161) | - | (161) | (15) |
| <u>Changes in ownership interest in subsidiaries</u> | | | | | | | | |
| Subsidiary dissolved during the year | - | - | - | (89) | 89 | 89 | - | - |
| Deemed loss of control over a subsidiary | (146) | - | - | - | - | - | - | (146) |
| Total changes in ownership interests in subsidiaries | (146) | - | - | (89) | 89 | 89 | - | (146) |
| Balance at 30 June 2014 | 18,283 | 18,282 | 21,704 | (2,053) | (1,369) | - | (1,369) | 1 |

| | Equity, total S\$'000 | Share Capital S\$'000 | Retained Earnings/ (Accumulated losses) S\$'000 |
|---|--------------------------------------|--------------------------------------|--|
| The Company | | | |
| Balance at 1 July 2014 | 14,715 | 21,704 | (6,989) |
| Profit for the year | 7,386 | - | 7,386 |
| Total comprehensive income for the Year | 7,386 | - | 7,386 |
| Balance at 30 June 2015 | 22,101 | 21,704 | 397 |

| | Equity, total S\$'000 | Share capital S\$'000 | Accumulated losses S\$'000 |
|---|--------------------------------------|--------------------------------------|---|
| The Company | | | |
| Balance at 1 July 2013 | 14,072 | 21,704 | (7,632) |
| Profit for the year | 643 | - | 643 |
| Total comprehensive income for the year | 643 | - | 643 |
| Balance at 30 June 2014 | 14,715 | 21,704 | (6,989) |

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.

The Company did not issue any new capital during the financial year ended 30 June 2015.

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 2015 | 30 June 2014 |
|---|---------------------|---------------------|
| Total number of issued shares (excluding treasury shares) | <u>108,518,995</u> | <u>108,518,995</u> |

The Company did not hold any treasury shares as at 30 June 2015 and 30 June 2014.

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. There are no treasury shares as at 30 June 2015.

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 2015 as compared with the audited consolidated financial statements for the financial year ended 30 June 2014.

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.

Not Applicable.

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.**

| | The Group | |
|---|---------------------|---------------------|
| | 30 June 2015 | 30 June 2014 |
| (Loss)/ Profit attributable to equity holders of the Company (S\$'000) | <u>(582)</u> | <u>400</u> |
| Earnings per share (in cents) | | |
| a) Based on weighted average number of ordinary shares in issue | <u>(0.54)</u> | <u>0.37</u> |
| b) On a fully diluted basis | <u>(0.54)</u> | <u>0.37</u> |

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 2015 | 30 June 2014 |
|---|---------------------|---------------------|
| The Group | | |
| Net asset value per ordinary share – include non-controlling interests (in cents) | <u>15.34</u> | <u>16.85</u> |
| The Company | | |
| Net asset value per ordinary share (in cents) | <u>20.37</u> | <u>13.56</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 (FY2015 vs. FY2014)

Revenue

For the financial year ended 30 June 2015 ("FY2015"), the Group registered a revenue of S\$31.03 million which was a decrease of S\$3.73 million from the previous corresponding financial year. The decrease was mainly due to decreased contributions from operations in Slovakia and Malaysia by S\$5.51 million and offset by partially increase contributions in Singapore and Indonesia by S\$1.75 million. The increase in Singapore operations is mainly due to the acquisition of CFM Infratrade Pte Ltd in January 2015 which contributed S\$1.36 million from January 2015 to June 2015. (Refer to our announcement dated 9 January 2015).

Gross Profit

Our gross profit decreased from S\$6.53 million in FY2014 to S\$5.31 million in FY2015. Gross profit margin also decreased from 18.80% to 17.10% for the same period. The decreased gross profit margin was attributed by the following factors:

- a. Demands for metal stamping fell due to uncertain global economies; and
- b. End of product life for some customers' products in the metal stamping segments; but offset by
- c. Higher margin gained from the trading activities from the new subsidiary acquired in January 2015.

Other Income

Other income in FY2015 consists of income from gain from disposal of investment property (S\$0.19 million), gain on foreign exchange (S\$0.35 million), gain on disposal of property, plant & equipment (S\$0.11 million), rental income (S\$0.18 million), government grant (S\$0.04 million) and other miscellaneous income (S\$0.09 million). Other Income has increased from S\$0.53 million in FY2014 to S\$0.96 million in FY2015 which was mainly attributed by:

- a. Gain on disposal of investment property;
- b. Gain on foreign exchange;
- c. Rental income; and
- d. Gain on disposal of property, plant & equipment.

Marketing And Distribution Expenses

Marketing expenses decreased from S\$1.11 million in FY2014 to S\$0.78 million in FY2015. This was mainly due to decrease in entertainment expenses and sales commission paid.

Administrative and Other Expenses

Administrative expenses in FY2015 consist mainly of directors' remuneration and salary expenses (S\$2.90 million), professional fees (S\$1.03 million), depreciation charge (S\$0.40 million), land lease, office rental and property tax for Singapore factory (S\$0.38 million), office repairs and maintenance (S\$0.28 million), Printing & Stationery (S\$0.10 million), travelling expenses (S\$0.11 million), provision for obsolete stocks (S\$0.06 million), allowance for bad debts (S\$0.07 million), telephone (S\$0.07 million), stamp duty (S\$0.07 million), and other miscellaneous expenses (S\$0.37 million).

It has increased from S\$5.11 million in FY2014 to S\$5.84 million in FY2015 mainly due to increase in depreciation expenses of S\$0.15 million, professional fees of S\$0.43 million and salaries of S\$0.19 million, offset by a decline in provision for bad debts of S\$0.11 million.

Finance Costs

Finance costs remain relatively unchanged in FY2014 and FY2015. The finance costs related to finance leases for new machines and equipment and bank charges.

Income Tax Expense

The Group tax expense decreased from S\$0.38 million in FY2014 to S\$0.16 million in FY2015. Lower tax expense in FY2015 was mainly due to lower profit generated by the profitable subsidiaries.

Loss for the Year

Overall, the Group recorded a loss after tax of S\$0.58 million in FY2015 as compared to a profit of S\$0.40 million in FY2014.

Review of Consolidated Balance Sheet (FY2015 vs. FY2014)

Non-Current Assets

Property, plant and equipment increased from S\$13.06 million as at 30 June 2014 ("FY2014") to S\$15.08 million as at 30 June 2015. The increase is mainly due to capitalization of the construction costs of the new Singapore factory and the purchase of a factory in Malaysia. However, it is offset by depreciation charge of S\$1.31 million for the year and the disposal of property, plant & equipment.

Investment property in a Malaysian subsidiary was disposed in December 2014.

Current Assets

Inventories decreased by approximately S\$0.31 million as at 30 June 2015 after net of inventories written down.

Trade receivables increased from S\$7.26 million as at 30 June 2014 to S\$8.81 million as at 30 June 2015 due to slower receipts from some customers. Trade receivables turnover has increased from 76 days to 104 days.

Other receivables for FY2015 consist mainly of deposits and prepayments (S\$0.66 million), tax recoverable mainly from Malaysian tax authority (S\$0.09 million) and other receivables (S\$0.08 million). It has decreased from S\$1.04 million as at 30 June 2015 to S\$0.83 million as at 30 June 2015. The decrease was mainly due to tax refund received for a subsidiary.

Current Liabilities

Trade payables as of 30 June 2015 remained relatively unchanged for FY2014 and FY2015.

Other payables increased from S\$4.50 million as at 30 June 2014 to S\$4.57 million as at 30 June 2015 mainly due to accrual of construction consultant fees of S\$0.30 million for the Singapore building and additional construction cost of S\$0.89 million, but offset by payment of the prior year construction cost of S\$1.27 million to the builder of the Singapore factory by the financial institution.

Finance Lease and Borrowings

Total borrowings for the Group increased from S\$4.21 million as at 30 June 2014 to S\$9.02 million as at 30 June 2015. This was mainly due to the drawdown of the construction loan for the rebuilding of the Singapore factory and bank loan for the purchase of Malaysia factory.

Review of Consolidated Statement of Cash Flows (FY2015 vs. FY2014)

For the full year ended 30 June 2015, the Group had used net cash outflow of S\$1.79 million from its operating activities as compared to net cash inflow of S\$0.18 million for FY2014. The decrease in net cashflow was due to:

The Group generated operating cash inflow before working capital changes of S\$0.76 million in FY2015, as compared to S\$1.93 million in FY2014 mainly due to loss before tax of S\$0.43 million in FY2015 as compared to profit before tax of S\$0.78 million in FY2014. As a result of a decrease in inventories of S\$0.95 million, increase in receivables of S\$0.75 million, increase in payables of S\$2.36 million and foreign translation adjustment of subsidiaries of S\$0.25 million, the Group recorded a net cash used from operating activities of S\$1.79 million in FY2015, as compared to cash inflow of S\$0.18 million in FY2014.

Net cash flows used in investing activities amounted to S\$2.83 million in FY2015 as compared to S\$4.88 million in FY2014. The net cash flow used was mainly for the purchase of property, plant & equipment and acquisition of a subsidiary, but offset partially by proceed from disposal of property, plant and equipment and investment property of approximately S\$0.63 million.

Net cash from financing activities of approximately S\$4.45 million in FY2015 was mainly attributed by:

- a. proceeds from borrowings of approximately S\$5.78 million; but offset by
- b. repayment of borrowings of S\$0.82 million;
- c. net repayment of finance lease liabilities of approximately S\$0.23 million; and
- d. Interest payment of S\$0.20 million.

The Group's cash and cash equivalent decreased from S\$4.18 million as at FY2014 to S\$3.77 million as at FY2015.

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, in its efforts to diversify its business risks, has invested into a trading company that deals with disposables and wearable for use in clean room, bio-medical, laboratories and hospitals. The outlook for this sector looks promising as we are confident of growing the business. However, for its core business on metal stamping and fabrication, the outlook remains challenging. Therefore, the management will continue to monitor and tighten cost control over its operations and to constantly improve productivity. In addition, the Group will continue to evaluate business opportunities locally and overseas.

I. Issues relating to the Group's New Factory

On 9 February 2015 announcement, it was disclosed that Cheong Fatt Holdings Pte Ltd ("CFH"), a Singapore subsidiary has received a "Temporary Occupation Permit" ("TOP") on 7 January 2015 for its new Singapore factory ("Property"). However, it came to the attention of the management of the Company that the TOP was not issued by the proper authority. On 9 July 2015 announcement, Building and Construction Authority ("BCA") has issued a letter dated 6 July 2015, which was received by the management on 8 July 2015, informing CFH that occupying the Property without TOP or a Certificate of Statutory Completion is an offence and need to cease the unauthorized occupation of the Property with immediate effect. Subsequently, the management has tried to appeal for the extension of time to vacate the property but was turned down by BCA based on their letter dated 15 July 2015, which was announced by the Company on 17 July 2015.

As at the date of this report, the management and directors are working with their appointed professionals, including its consultant and the builder for the issuance and the compliance with any outstanding issues (as may be applicable raised by the relevant parties or authorities from time to time) to achieve the TOP in the near future.

II. Litigation Cases

Reports on the current litigation cases:-

i) Showa International (HK) Co. Ltd ("Showa")

Subsequent to the announcement dated 4 February 2015, the Malaysian Court had on 25 August 2015 reviewed the various documents submitted by both parties and will be setting a future date for trial.

The Board of Directors has assessed the information available to them as at the date of this announcement pertaining to the Claims. They are of the opinion that based on the information including, *inter alia*, the Claims amount of approximately RM 1.1 million and the advice from its solicitor, the said Claim (in the event it materialises) will have a significant adverse financial impact on the Group's financial performance and financial position. However, the shareholders should note that the outcome of the Trial is still uncertain as at the date of this announcement and based on discussions with Hantong Metal Component (Penang) Sdn Bhd's Malaysian solicitor, the chances of a favourable outcome of the Trial is more than fair. The Company will keep the shareholders informed of the progress of the Claims and will make further announcements, when appropriate.

ii) Seng Foo Building Construction Pte Ltd ("SFBC")

With reference to the announcement made on 1 July 2015, CFH factory's main builder, SFBC, has filed an injunction to restrain CFH from calling its insurance guarantee. CFH has on 30 July 2015 filed its defense claim. This case will be up for Pre-Trial Conference on 2 September 2015. However, the shareholders should note that the outcome of the Trial is still uncertain as at the date of this announcement. The Company will keep the shareholders informed of the progress of the Injunction and will make further announcements, when appropriate.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared during the current financial period reported on?

Nil.

(b) *Corresponding period of the immediately Preceding Financial Year*

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

Nil.

(c) *Date Payable.*

Not Applicable.

(d) *Book closure date.*

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the financial year ended 30 June 2015.

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

Year ended 30 June 2015

| | Metal Stamping S\$'000 | Tooling S\$'000 | Components and parts S\$'000 | Cleanroom Products S\$'000 | Group S\$'000 |
|-----------------------------|---------------------------------------|----------------------------|---|---|--------------------------|
| Segment revenue | | | | | |
| Sales to external customers | 24,405 | 2,373 | 2,866 | 1,385 | 31,029 |
| Inter-segment sales | - | - | - | - | - |
| Total revenue | <u>24,405</u> | <u>2,373</u> | <u>2,866</u> | <u>1,385</u> | <u>31,029</u> |
| Segment result | <u>2,008</u> | <u>(793)</u> | <u>79</u> | <u>94</u> | <u>1,388</u> |
| Unallocated expenses | | | | | (1,735) |
| Finance costs | | | | | (79) |
| Loss before income tax | | | | | <u>(426)</u> |
| Tax expense | | | | | (157) |
| Loss after income tax | | | | | <u><u>(583)</u></u> |

Year ended 30 June 2014

| | Metal Stamping S\$'000 | Tooling S\$'000 | Components and parts S\$'000 | Group S\$'000 |
|-----------------------------|---------------------------------------|----------------------------|---|--------------------------|
| Segment revenue | | | | |
| Sales to external customers | 29,670 | 3,133 | 1,954 | 34,757 |
| Inter-segment sales | - | - | - | - |
| Total revenue | <u>29,670</u> | <u>3,133</u> | <u>1,954</u> | <u>34,757</u> |
| Segment result | <u>2,292</u> | <u>(131)</u> | <u>97</u> | <u>2,258</u> |
| Unallocated expenses | | | | (1,415) |
| Finance costs | | | | (62) |
| Profit before income tax | | | | <u>781</u> |
| Tax expense | | | | (381) |
| Profit after income tax | | | | <u><u>400</u></u> |

Operating segment – geographical segments

Year ended 30 June 2015

| | Singapore S\$'000 | Malaysia S\$'000 | Indonesia S\$'000 | Slovakia S\$'000 | Others S\$'000 | Eliminations S\$'000 | Group S\$'000 |
|--|----------------------|---------------------|----------------------|---------------------|-------------------|-------------------------|------------------|
| <u>Segment revenue</u> | | | | | | | |
| Sales to external customers | 5,455 | 14,289 | 2,526 | 6,117 | 2,642 | - | 31,029 |
| <u>Other geographical information</u> | | | | | | | |
| Segment assets | 38,459 | 14,352 | 1,213 | 4,442 | 2,248 | (26,043) | 34,671 |
| Capital expenditure | 1,516 | 2,342 | 42 | 44 | 33 | - | 3,977 |

Year ended 30 June 2014

| | Singapore S\$'000 | Malaysia S\$'000 | Indonesia S\$'000 | Slovakia S\$'000 | Others S\$'000 | Eliminations S\$'000 | Group S\$'000 |
|--|----------------------|---------------------|----------------------|---------------------|-------------------|-------------------------|------------------|
| <u>Segment revenue</u> | | | | | | | |
| Sales to external customers | 4,435 | 16,115 | 1,794 | 9,804 | 2,609 | - | 34,757 |
| <u>Other geographical information</u> | | | | | | | |
| Segment assets | 24,922 | 13,233 | 1,347 | 5,869 | 2,163 | (15,929) | 31,605 |
| Capital expenditure | 6,568 | 810 | - | 7 | 66 | - | 7,451 |

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.

| | FY2015 | The Group | | |
|--|----------------|------------------|----------------|----------------|
| | S\$'000 | FY2014 | S\$'000 | Changes |
| | | S\$'000 | S\$'000 | % |
| Sales reported for the first half year | 15,682 | 18,915 | (3,233) | (17.1) |
| (Loss)/Profit after tax before deducting non-controlling interests reported for the first half year | (92) | 135 | (227) | (168.1) |
| Sales reported for second half year | 15,347 | 15,842 | (495) | (3.1) |
| (Loss)/Profit after tax before deducting non-controlling interests reported for the second half year | (491) | 265 | (756) | (285.3) |

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 | Previous Full Year |
|----------------|-------------------------|---------------------------|
| | S\$ | S\$ |
| Ordinary 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 interest person transactions.

There were no interested party transactions exceeding S\$0.10 million conducted during the financial year under review.

18. 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 | 62 | 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 | 58 | 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 | 31 | 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 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. |

BY ORDER OF THE BOARD

Janet Lim Fong Li
Chief Executive Officer
27 August 2015

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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