



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

**Full Year Financial Statement for the Year Ended  
30 June 2016**

**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 2016.

**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 2016 S\$'000</b>	<b>30 June 2015 S\$'000</b>
<b>Revenue</b>	25,618	31,029
Cost of sales	<u>(21,905)</u>	<u>(25,722)</u>
<b>Gross profit</b>	3,713	5,307
Other income	582	963
Marketing and distribution expenses	(774)	(778)
Administrative and other expenses	(7,290)	(5,839)
Finance costs	<u>(287)</u>	<u>(79)</u>
<b>Loss before tax</b>	(4,056)	(426)
Tax credit/(expense)	<u>29</u>	<u>(157)</u>
<b>Loss for the year</b>	(4,027)	(583)
<b>Other comprehensive loss</b>		
Currency translation differences arising on consolidation	<u>(493)</u>	<u>(1,050)</u>
<b>Total comprehensive loss for the year</b>	<u>(4,520)</u>	<u>(1,633)</u>
<b>Loss attributable to:</b>		
Equity holders of the Company	(4,027)	(582)
Non-controlling interests	<u>-</u>	<u>(1)</u>
<b>Loss for the year</b>	<u>(4,027)</u>	<u>(583)</u>
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Company	(4,520)	(1,632)
Non-controlling interests	<u>-</u>	<u>(1)</u>
	<u>(4,520)</u>	<u>(1,633)</u>

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

	The Group	
	30 June 2016 S\$'000	30 June 2015 S\$'000
Allowance for doubtful trade receivables	206	1
Allowance for doubtful trade receivables written back	(1)	-
Allowance for doubtful non-trade receivables written back	(1)	(15)
Amortisation of intangible assets	70	35
Audit fees paid/payable to auditor of the Company		
- current year	137	74
Audit fee paid/payable to other auditors		
- current year	10	71
Bad debts recovered	(21)	-
Bad trade debts written off	31	83
Depreciation		
- property, plant and equipment	2,349	1,312
- investment properties	-	5
Directors' fees paid/payable to non-executive directors of the Company	62	64
Gain on disposal of property, plant and equipment	(16)	(107)
Gain on disposal of investment properties	-	(185)
Loss/(Gain) on foreign exchange	63	(352)
Impairment loss on plant and machinery	56	-
Intangible asset written off	594	-
Interest income	(7)	(8)
Interest on borrowings and finance leases	287	79
Inventories written down	425	91
Inventories written back	(131)	(85)
Inventories written off	141	52
Property, plant and equipment written off	16	-
Staff costs	8,074	8,588
Overprovision for tax in prior years	(18)	(31)
Waiver of trade payables	3	-

**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 2016 S\$'000	30 June 2015 S\$'000	30 June 2016 S\$'000	30 June 2015 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	13,415	15,076	7	10
Investment properties	-	-	-	-
Intangible assets	-	664	-	-
Investments in subsidiaries	-	-	16,905	18,364
	<u>13,415</u>	<u>15,740</u>	<u>16,912</u>	<u>18,374</u>
<b>Current assets</b>				
Inventories	3,084	3,798	-	-
Trade receivables	6,534	8,807	142	169
Other receivables and prepayments	750	826	11	23
Amounts due from subsidiaries	-	-	5,371	5,197
Available-for-sale financial asset	-	-	-	-
Cash and cash equivalents	5,702	5,500	1,551	1,348
	<u>16,070</u>	<u>18,931</u>	<u>7,075</u>	<u>6,737</u>
<b>Total assets</b>	<u>29,485</u>	<u>34,671</u>	<u>23,987</u>	<u>25,111</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	101	138	-	-
Borrowings	6,488	1,588	-	-
Deferred tax liabilities	535	577	91	91
	<u>7,124</u>	<u>2,303</u>	<u>91</u>	<u>91</u>
<b>Current liabilities</b>				
Trade payables	3,317	3,789	6	-
Other payables	4,419	4,272	1,602	1,506
Amount due to subsidiaries	-	-	46	-
Finance lease liabilities	97	148	-	-
Borrowings	2,080	7,144	1,402	1,402
Income tax payable	18	65	11	11
Provision	300	300	-	-
	<u>10,231</u>	<u>15,718</u>	<u>3,067</u>	<u>2,919</u>
<b>Total liabilities</b>	<u>17,355</u>	<u>18,021</u>	<u>3,158</u>	<u>3,010</u>
<b>Net assets</b>	<u>12,130</u>	<u>16,650</u>	<u>20,829</u>	<u>22,101</u>

	The Group		The Company	
	30 June 2016 S\$'000	30 June 2015 S\$'000	30 June 2016 S\$'000	30 June 2015 S\$'000
<b>Equity</b>				
Share capital	21,704	21,704	21,704	21,704
(Accumulated losses)/retained earnings	(6,662)	(2,635)	(875)	397
Foreign currency translation reserve	(2,912)	(2,419)	-	-
Equity attributable to owners of the company	12,130	16,650	20,829	22,101
Non-controlling interests	-	-	-	-
<b>Total equity</b>	<u>12,130</u>	<u>16,650</u>	<u>20,829</u>	<u>22,101</u>

**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 2016		As at 30 Jun 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	97	-	148	-
Borrowings	2,080	-	7,144	-
	<u>2,177</u>	<u>-</u>	<u>7,292</u>	<u>-</u>

**Amount repayable after one year**

	As at 30 Jun 2016		As at 30 Jun 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	101	-	138	-
Borrowings	6,488	-	1,588	-
	<u>6,589</u>	<u>-</u>	<u>1,726</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\$0.93 million as at 30 June 2016 (FY2015: S\$1.02 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\$2.27 million as at 30 June 2016 (FY2015: S\$2.98 million);
- c. Charges over the machinery, equipment and motor vehicles of certain of our subsidiaries with a total net carrying value of approximately S\$0.46 million as at 30 June 2016 (FY2015: S\$0.59 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 2016, fixed deposits amounting to S\$1.72 million (FY2015: S\$1.73 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 (FY2015: S\$4.94 million) as at 30 June 2016 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 2016, the net carrying amount of the leasehold lands and buildings are approximately S\$7.67 million (FY2015: S\$7.49 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.**

	The Group	
	30 Jun 2016	30 Jun 2015
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(4,056)	(426)
Adjustments for:		
Amortisation of intangible assets	70	35
Depreciation of:		
- property, plant and equipment	2,349	1,312
- investment properties	-	5
Gain on disposal of investment properties	-	(185)
Gain on disposal of property, plant and equipment	(16)	(107)
Property, plant and equipment written off	16	-
Impairment loss on plant and machinery	56	-
Intangible asset written off	594	-
Inventories written down	425	91
Inventories written off	141	52
Inventories written back	(131)	(85)
Interest expenses	287	79
Interest income	(7)	(8)
<b>Operating cash flows before working capital changes</b>	(272)	763
Decrease in inventories	278	945
Decrease/(increase) in receivables and prepayments	2,437	(780)
Decrease in payables	(325)	(2,333)
Foreign translation adjustment	9	(423)
<b>Cash generated from/(used in) operations</b>	2,127	(1,828)
Interest income received	7	8
Income tax paid	(135)	(156)
<b>Net cash generated from/(used in) operating activities</b>	1,999	(1,976)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (Note A)	(1,005)	(2,905)
Proceeds from disposal of investment properties	-	133
Proceeds from disposal of property, plant and equipment	16	498
Proceeds from return and refund on investment	-	-
Acquisition of a subsidiary, net of cash acquired (Note B)	-	(561)
<b>Net cash used in investing activities</b>	(989)	(2,835)

	<b>The Group</b>	
	<b>30 Jun 2016 S\$'000</b>	<b>30 Jun 2015 S\$'000</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(1,563)	(820)
Proceeds from borrowings	1,400	5,777
Interest paid	(287)	(219)
Net repayment of finance lease liabilities	(199)	(230)
Decrease/(Increase) of fixed deposits pledged with financial institutions	5	(80)
<b>Net cash (used in)/generated from financing activities</b>	<u>(644)</u>	<u>4,428</u>
Net increase/(decrease) in cash and cash equivalents	366	(383)
Cash and cash equivalents at beginning of the financial year	3,774	4,175
Effect of exchange rate changes on cash and cash equivalents	(159)	(18)
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>3,981</u></u>	<u><u>3,774</u></u>
<b>Cash and cash equivalents</b>		
Fixed deposits	1,724	1,726
Cash and bank balances	<u>3,978</u>	<u>3,774</u>
	5,702	5,500
Less: Fixed deposits pledged with bank	<u>(1,721)</u>	<u>(1,726)</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>3,981</u></u>	<u><u>3,774</u></u>

#### **Note A**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$1.12 million of which S\$0.12 million was financed by means of finance lease, cash payment of S\$1.00 million was made to purchase property, plant and equipment.



**Note B**

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

	<b>Group S\$'000</b>
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.

	<b>S\$'000</b>
<b>Purchase consideration:</b>	
Cash paid	1,000
Unpaid consideration	1,000
	<u>2,000</u>
<b>Cash inflow/(outflow) on acquisition:</b>	
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 translatio n reserve S\$'000	Non- controlling interests S\$'000
<b>The Group</b>						
<b>Balance at 1 July 2015</b>	16,650	16,650	21,704	(2,635)	(2,419)	-
Loss for the year	(4,027)	(4,027)	-	(4,027)	-	-
<u>Other comprehensive loss:</u>						
Currency translation differences arising on consolidation	(493)	(493)	-	-	(493)	-
Total comprehensive loss for the year	(4,520)	(4,520)	-	(4,027)	(493)	-
<b>Balance at 30 June 2016</b>	12,130	12,130	21,704	(6,662)	(2,912)	-

	Attributable to equity holders of the Company					Non-controlling interests S\$'000
	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	
<b>The Group</b>						
<b>Balance at 1 July 2014</b>	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)
<b>Balance at 30 June 2015</b>	16,650	16,650	21,704	(2,635)	(2,419)	-

	<b>Equity, total S\$'000</b>	<b>Share Capital S\$'000</b>	<b>Retained Earnings/ (Accumulated losses) S\$'000</b>
<b>The Company</b>			
<b>Balance at 1 July 2015</b>	22,101	21,704	397
Loss for the year	(1,272)	-	(1,272)
Total comprehensive income for the Year	(1,272)	-	(1,272)
<b>Balance at 30 June 2016</b>	20,829	21,704	(875)

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

**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 2016.

**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.**

	<b>30 June 2016</b>	<b>30 June 2015</b>
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 2016 and 30 June 2015.

**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 2016.

**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 2016 as compared with the audited consolidated financial statements for the financial year ended 30 June 2015, except for revision of the estimated useful lives of its property, plant and equipment with effect from the financial year beginning from 1 July 2015.

**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.**

In view of the current business outlook and the global business environment and internally, the existing fixed assets conditions, the Group performed a review of useful life

and the residual values of the assets and decided to revise the useful life of its property, plant and equipment effective from 1 July 2015. Details are shown as the follows:

	Existing lives	useful	Revised lives	useful
Freehold/Leasehold lands and buildings	20 – 50 years		20 years	
Other property, plant and machinery	3 – 10 years		3 – 5 years	

In accordance with FRS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in accounting estimates was applied prospectively from 1 July 2015. Accordingly, the adoption of the new accounting estimates has no effect on prior years. The change in the accounting estimates has resulted in an increase to the Group's depreciation charge by SGD 1.0 million.

Unless the property, plant and equipment are fully depreciated or sold to third parties, depreciation charges for future years are expected to be similarly affected by these changes in accounting estimates.

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 2016</b>	<b>30 June 2015</b>
<b>Losses attributable to equity holders of the Company (S\$'000)</b>	<u>(4,027)</u>	<u>(582)</u>
<b>Loss per share (in cents)</b>		
a) Based on weighted average number of ordinary shares in issue	<u>(3.71)</u>	<u>(0.54)</u>
b) On a fully diluted basis	<u>(3.71)</u>	<u>(0.54)</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.**

	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>The Group</b>		
Net asset value per ordinary share – include non-controlling interests (in cents)	<u>11.18</u>	<u>15.34</u>
<b>The Company</b>		
Net asset value per ordinary share (in cents)	<u>19.19</u>	<u>20.37</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 2016 ("FY2016") vs Financial Year Ended 30 June 2015 ("FY2015")**

**Revenue**

For FY2016, the Group registered a revenue of S\$25.62 million which was a decrease of S\$5.41 million from the previous corresponding financial year. The decrease was mainly due to decreased in demand of metal stamping and fabrication and the effect of change in accounting treatment for trading of other components and parts by S\$6.61 million and offset by partially increase contributions in trading of clean room products of S\$1.20 million.

**Gross Profit**

Our gross profit decreased from S\$5.31 million in FY2015 to S\$3.71 million in FY2016. Gross profit margin also decreased from 17.10% to 14.49% for the same period. The decreased gross profit and gross profit margin were attributed by the following factors:

- a. Lower revenue recorded during the current financial year compared to previous corresponding financial year as reasons explained above; and
- b. Revised depreciation rates for certain property, plant and equipment to be in-line with their deteriorating usable conditions.

**Other Income**

Other income in FY2016 consists of income from rental income (S\$0.31 million), gain on disposal of asset of (S\$0.02 million), sales of machinery (S\$0.02 million), interest from fixed deposit and insurance claim of (S\$0.02 million) and other miscellaneous income (S\$0.22 million). Other income has decreased from S\$0.96 million in FY2015 to S\$0.58 million in FY2016 which was mainly attributed by:

- a. Absence of gain on disposal of investment property;
- b. Absence of gain on foreign exchange;
- c. Decrease in gain on disposal of property, plant & equipment; offset by the following (d) and (e)
- d. Increase in rental income in FY2016;
- e. Other income (i.e. HDB re-assignment income and sales of machinery)

## **Administrative and Other Expenses**

Administrative expenses in FY2016 consist mainly of directors' remuneration and salary expenses (S\$2.87 million), professional fees (S\$0.95 million), depreciation charge (S\$0.76 million), land lease, office rental and property tax for Singapore factory (S\$0.35 million), office repairs and maintenance (S\$0.30 million), printing & stationery (S\$0.08 million), travelling expenses (S\$0.10 million), allowance for doubtful debts (S\$0.21 million), telephone (S\$0.06 million), intangible asset written off (S\$0.60 million), amortization of intangible asset (S\$0.07 million), provision for inventory obsolescence (S\$0.33 million) loss in foreign exchange of S\$0.06 million and other miscellaneous expenses (S\$0.44 million).

It has increased from S\$5.84 million in FY2015 to S\$7.29 million in FY2016 mainly due to:

- a. Intangible asset written off of S\$0.60 million
- b. Higher depreciation charges from a revised depreciation policy for the Group's non-income generating property, plant and equipment of S\$0.36 million;
- c. Impairment loss in respect of property, plant and equipment of S\$0.06 million and fixed assets written off of S\$0.01 million;
- c. Increase in allowance for doubtful debts of S\$0.19 million;
- d. Increase in provision for inventory obsolescence of S\$0.33 million which are no longer required in the production and the materials are not in usable conditions; offset by
- d. Decrease in professional fees (S\$0.08 million) and other miscellaneous expenses.

## **Finance Costs**

Finance costs increase from S\$0.08 million in FY2015 to S\$0.29 million in FY2016. The increase in finance costs was mainly due to interest charges from the drawdown of the construction loan for the rebuilding of the Singapore factory and bank loan for the purchase of Malaysia factory. During the current financial year, the interest charges of S\$0.08 million (FY2015 : S\$ 0.14 million) has capitalized under property, plant and equipment.

## **Income Tax Expense**

The Group tax expense decreased from S\$0.16 million in FY2015 to a tax credit of S\$0.03 million in FY2016. The decrease in income tax expenses was mainly due to loss recorded by the operating subsidiaries and overprovision of income tax and deferred tax in prior years.

## **Loss for the Year**

Overall, the Group recorded a loss after tax of S\$4.03 million in FY2016 as compared to a loss after tax of S\$0.58 million in FY2015.

## **Review of Consolidated Balance Sheet (FY2016 vs. FY2015)**

### **Company Level**

During the current financial year, the Management performed an impairment test for its investment in subsidiary. As a result of the assessment, The Management has made impairment loss in investment in certain subsidiaries of S\$1.45 million in view of the recoverable amount is below the carrying value.



## **Group Level**

### **Non-Current Assets**

Property, plant and equipment decreased from S\$15.08 million as at 30 June 2015 to S\$13.42 million as at 30 June 2016. The decrease is mainly due to depreciation charge of S\$2.35 million, impairment loss on plant and machinery of S\$0.06 million, property, plant and equipment written off of S\$0.02 million, translation difference of S\$0.35 million, offset by purchase of property, plant and equipment of S\$1.12 million during the current financial year.

During the current financial year, the Management performed an impairment test for its Intangible assets. The Management found that certain major customers have ceased to order from the subsidiary and the products' pricing are not so competitive compared to the competitors. Those customers contributed significant portion of the subsidiary's revenue. As a result of the assessment, the intangible assets has been fully written off in view of the recoverable amount is below the carrying value during the current financial year. The intangible assets relate to a subsidiary acquired by the Company in January 2015.

### **Current Assets**

Inventories decreased by approximately S\$0.70 million as at 30 June 2016 after net of inventories written down. The decrease in inventory was mainly due to less purchases during the current financial year.

Trade receivables decreased from S\$8.81 million as at 30 June 2015 to S\$6.53 million as at 30 June 2016. The decrease in trade receivable is in line with the decrease in the revenue during the current financial year. Trade receivables turnover has decreased from 104 days to 93 days.

Other receivables as at 30 June 2016 consist mainly of deposits and prepayments (S\$0.37 million), tax recoverable mainly from Malaysian and Slovakia tax authorities (S\$0.17 million) and other receivables (S\$0.21 million).

### **Current Liabilities**

Trade payables decrease from S\$3.79 million as at 30 June 2015 to S\$3.32 million as at 30 June 2016. The decrease in trade payables was mainly due to less purchases of materials made caused lower demand from customers.

Other payables as at 30 June 2016 comprised mainly:

- a. Accrued expenses of S\$2.11 million, mainly consideration payable for the acquisition of CFM Infratrade Pte Ltd, accrued employee related expenses and other non-trade related expenses;
- b. Other creditors of approximately of S\$1.33 million (mainly construction cost of S\$0.90 million);
- c. Amount due to a director of approximately S\$0.78 million, which is unsecured, no interest bearing, and with no fixed terms of repayment. The amount due to a director was used for temporary cash management purpose of the Company and it does not affect the going concern of the Group;
- d. Other of approximately of S\$0.20 million consisting of provision of withholding tax, provision for directors' fees and rental and deposit received.

The increased of other payables from S\$4.27 million as at 30 June 2015 to S\$4.42 million as at 30 June 2016 was mainly due to increase in advance from a director, offset by payment to the seller for the acquisition of CFM Infratrade Pte Ltd and decrease in provision for bonus and other employee benefits.

### **Finance Lease and Borrowings**

Total borrowings for the Group decreased from S\$9.02 million as at 30 June 2015 to S\$8.77 million as at 30 June 2016. This was mainly due to the repayment of the finance lease and borrowings during the current financial year.

### **Review of Consolidated Statement of Cash Flows (FY2016 vs. FY2015)**

For the financial year ended 30 June 2016, the Group had generated net cash inflow of S\$2.00 million from its operating activities as compared to net cash outflow of S\$1.98 million for FY2015. The increase in net cash flow was due to:

The Group generated operating cash outflow before working capital changes of S\$0.27 million in FY2016, as compared to cash inflow of S\$0.76 million in FY2015 mainly due to loss before tax of S\$4.06 million in FY2016 as compared to loss before tax of S\$0.43 million in FY2015. As a result of a decrease in inventories of S\$0.28 million, receivables of S\$2.44 million and payables of S\$0.33 million, the Group recorded a net cash generated from operating activities of S\$2.00 million in FY2016.

Net cash used in investing activities amounted to S\$0.99 million in FY2016 as compared to S\$2.84 million in FY2015. The net cash flow used was mainly for the purchase of property, plant & equipment of S\$1.0 million, but offset partially by proceed from disposal of property, plant and equipment S\$0.02 million.

Net cash used in financing activities of approximately S\$0.65 million in FY2016 was mainly attributed by:

- a. proceeds from borrowings of approximately S\$1.4 million; but offset by
- b. repayment of borrowings of S\$1.56 million;
- c. net repayment of finance lease liabilities of approximately S\$0.20 million; and
- d. Interest payment of S\$0.29 million.

As a result of the above, the Group's cash and cash equivalent increased from S\$3.77 million as at FY2015 to S\$3.98 million as at FY2016.

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

The results for the financial year ended 30 June 2016 is in line with the Company's profit guidance announcement on 20 May 2016, except for the reasons for the increase in administrative and other expenses which have been disclosed in paragraph 8 as above.

**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.**

In view of the general market sentiments remained weak and on-going uncertainties in the global economy, the Management expects the business prospects to be challenging to the Group's core business .i.e. metal stamping and fabrication business. Therefore, the management will continue to monitor and tighten cost control over its operations and to constantly improve productivity. In addition, the Group has evaluated the possibilities

and streamlining its existing investments of the Company. As announced on 3 August 2016, the Group had taken a step to withdraw its investment into Midsouth Camca Mexico.

Besides, the Group will also explore potential merger and acquisition activities, investment opportunities that will contribute to the Company's growth plans and will enhance shareholders' value over the long term.

#### Litigation Cases

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 and 5 February 2016, the Malaysian Court had on 23 May 2016 fixed the trial on 19 September 2016 and 20 September 2016. 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.

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. As the date of this announcement, the outcome is still uncertain. 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, Cheong Fatt Holdings Pte Ltd ("CFH")'s factory's main contractor, SFBC, has obtained an interim injunction to restrain CFH from calling on the insurance guarantee with QBE Insurance (Singapore) Pte Ltd. CFH's subsequent application to discharge the injunction was part heard by the High Court on 29 June 2016, and is currently pending further directions from the Court.

SFBC has issued a separate writ and statement of claim on 18 May 2016 claiming for amounts of approximately S\$ 2.4 million due for alleged variation works, and for damages for alleged breach of contract. CFH has entered an appearance and filed a defence and counterclaim of approximately S\$2.7 million in the new suit.

At the upcoming Pre Trial Conference for both suits, the parties will seek the Court's directions on whether both the cases should be consolidated and tried together or otherwise.

In the meantime, the parties have jointly agreed to refer both the cases to mediation at the Singapore Mediation Centre and have jointly agreed on the nomination of 2 mediators. The date for the mediation hearing has yet to be confirmed by the Singapore Mediation Centre.

The Company will keep the shareholders informed and make the necessary announcement as and when appropriate.

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/recommended, a statement to that effect.**

No dividend has been declared/recommended for the financial year ended 30 June 2016.

**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 2016**

	<b>Metal Stamping S\$'000</b>	<b>Tooling S\$'000</b>	<b>Components and parts S\$'000</b>	<b>Cleanroom Products S\$'000</b>	<b>Group S\$'000</b>
Segment revenue					
Sales to external customers	20,308	2,467	269	2,574	25,618
Inter-segment sales	-	-	-	-	-
Total revenue	<u>20,308</u>	<u>2,467</u>	<u>269</u>	<u>2,574</u>	<u>25,618</u>
Segment result	<u>(1,028)</u>	<u>(810)</u>	<u>173</u>	<u>74</u>	<u>(1,591)</u>
Unallocated expenses					(2,178)
Finance costs					(287)
Loss before income tax					<u>(4,056)</u>
Tax expense					29
Loss after income tax					<u>(4,027)</u>

**Year ended 30 June 2015**

	<b>Metal Stamping S\$'000</b>	<b>Tooling S\$'000</b>	<b>Components and parts S\$'000</b>	<b>Cleanroom Products S\$'000</b>	<b>Group S\$'000</b>
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>(583)</u>

## Operating segment – geographical segments

### Year ended 30 June 2016

	Singapore S\$'000	Malaysia S\$'000	Indonesia S\$'000	Slovakia S\$'000	Others S\$'000	Eliminations S\$'000	Group S\$'000
<b><u>Segment revenue</u></b>							
Sales to external customers	3,804	12,332	2,271	4,690	2,521	-	25,618
<b><u>Other geographical information</u></b>							
Segment assets	36,313	11,503	1,090	3,891	1,880	(25,192)	29,485
Capital expenditure	747	331	14	25	-	-	1,117

### 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
<b><u>Segment revenue</u></b>							
Sales to external customers	5,455	14,289	2,526	6,117	2,642	-	31,029
<b><u>Other geographical information</u></b>							
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

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.**

	<b>The Group</b>			
	<b>FY2016</b> <b>S\$'000</b>	<b>FY2015</b> <b>S\$'000</b>	<b>Changes</b> <b>S\$'000</b>	<b>%</b>
Sales reported for the first half year	13,285	15,682	(2,397)	(15.3)
Loss after tax before deducting non-controlling interests reported for the first half year	(1,542)	(92)	(1,450)	(1,576.1)
Sales reported for second half year	12,333	15,347	(3,014)	(19.6)
Loss after tax before deducting non-controlling interests reported for the second half year	(2,485)	(491)	(1,994)	(406.1)

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

	<b>Latest Full Year</b> <b>S\$</b>	<b>Previous Full Year</b> <b>S\$</b>
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.**

Save for interested person transactions as disclosed below, there was no other interested person transaction with value more than S\$ 100,000 for the financial year under review:-

	Aggregate value of all interested person transactions during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Sales and services provided to CFM Solution Pte Ltd <sup>1</sup>	S\$ 109,848	Not applicable
Sales and services provided by CFM Solution Pte Ltd <sup>1</sup>	S\$ 224,688	Not applicable
Payment to Harry Elias Partnership LLP <sup>2</sup>	S\$ 48,485	Not applicable

<sup>1</sup>CFM Solution is a private company incorporated Singapore which Mr Ip Jowa Andrew (Ye Zuhua) is the sole Director and shareholder who directly hold an aggregate 70% of issued and paid up share capital of CFM Solution Pte. Ltd. Mr Ip Jowa Andrew (Ye Zuhua) is the son of Mr Ip Kwok Wing, the Executive Chairman and Madam Janet Lim Fong Li, the Chief Executive Officer and youngest brother of Mr Kenneth Ip Yew Wa, the Executive Director of CFM Holdings Limited.

<sup>2</sup> Mr Ong Wei Jin (“Mr Ong”) is the Partner in the firm and Mr Ong is a Non-Executive Independent Director of CFM Holdings Ltd.

**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.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, CEO and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Ip Kwok Wing	63	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	59	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	32	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.



## 19. 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

**Janet Lim Fong Li**  
**Chief Executive Officer**  
**26 August 2016**

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.

The contact person for the Sponsor is Ms Foo Quee Yin.  
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