



SGX QUERIES REGARDING THE COMPANY'S FINANCIAL RESULT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the "Board") of Acma Ltd (the "Company") wishes to announce the following in response to queries raised by Singapore Exchange Securities Trading Limited with respect to the Company's financial result announcement for the financial year ended 31 December 2017 ("FY2017 Results").

SGX Query (a)

We note that the Company provided for an "amortization on provision for onerous contract" on page 3. Please provide details of the onerous contract including the following:-

- (i) whether the Company continues to trade with the relevant customer(s);
- (ii) if yes, please provide the rationale; and
- (iii) what is the remaining balance of the provision.

Please also provide us with the basis for the amortization on provision for onerous contracts.

Company Response

The provision relates to a long term lease taken up in relation to a factory premises. As the factory premises was surplus to the Group's requirement, it was subleased out in order to mitigate the cost of the lease. The provision made was in respect of the estimated rental shortfall between the amount payable by the Group to the lessor and receivable from sub-lessees.

The lease will expire on 31 December 2018 and the Group does not have any intention to renew the lease upon expiry.

The remaining balance of the provision as at 31 December 2017 was S\$401,420.

SGX Query (b)

We note that the Company stated on page 8 that the increase in revenue for FY2017 "was due to higher revenue generated mainly from the Group's tooling and injection business (S\$12.9 million), the communications, electronics and equipment distribution business (S\$3.2 million) and the metal packaging and printing business held through the Xenon (S\$4.6 million)". Please elaborate on the reasons behind the increase in revenue for the three business segments.

Company Response

- (i) The increase in revenue of the Group's tooling and injection business arose due to increased business orders received and projects completed in FY2017.
- (ii) The increase in revenue of the communications, electronics and injection business was mainly due to increased sales in relation to a S\$21 million contract secured in FY2016 for the supply and installation of electrical equipment and services (this was referred to under Item 10 of our FY2016 Result Announcement dated 2 March 2017).
- (iii) Xenon became a subsidiary of the Group in H2 FY2016. The Group's revenue for FY2016 as such only included Xenon's revenue for H2 FY2016 whereas Group revenue in FY2017 would have included Xenon's revenue for the entire year.

SGX Query (c)

We note that the Company stated on page 10 that there was a "*reclassification of the trade receivables of S\$7.4 million falling due in FY2018 from non-current assets to current assets*". Please provide salient details of the trade receivables of S\$7.4 million.

Company Response

The trade receivables of S\$7.4 million related to the fair value of sales effected in 2016 to a customer on extended credit terms over a period of 2 years.

As these amounts were falling due in FY2018 (i.e. more than 12 months after 31 December 2016) , they were shown under Non-Current Assets on the Group's Balance Sheet at 31 December 2016 (referred to in Note 19 of the Company's Annual Report for FY2016) .

The amount of S\$7.4 million comprised of S\$3.3 million falling due in Q1 FY2018 and S\$4.1 million falling due in Q3 FY2018. As both amounts are due within a period of less than 12 months from the balance sheet date (i.e. 31 December 2017), they were consequently reclassified under Trade Receivables in Current Assets.

The amount falling due in Q1 FY2018 has, since the Balance Sheet date been fully settled.

By Order of the Board

Quek Sim Pin
Executive Chairman

20 March 2018