



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

**Full Year Financial Statements for the Year Ended
30 June 2019**

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 2019.

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 2019 S\$'000	30 June 2018 S\$'000
Revenue	20,308	22,627
Cost of sales	(15,832)	(18,283)
Gross profit	4,476	4,344
Other income	975	1,798
Marketing and distribution expenses	(388)	(402)
Administrative and other expenses	(4,266)	(5,917)
Finance costs	(269)	(296)
Profit/(loss) before tax	528	(473)
Tax expense	(238)	(335)
Profit/(loss) for the year	290	(808)
Other comprehensive (loss)/income		
Currency translation differences arising on consolidation	(285)	242
Reclassification of foreign currency translation reserve on disposal of subsidiaries	-	(35)
Other comprehensive (loss)/income, net of tax	(285)	207
Total comprehensive income/(loss) for the year	5	(601)
Profit/(loss) attributable to:		
Equity holders of the Company	290	(808)
Non-controlling interests	-	-
	290	(808)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	5	(601)
Non-controlling interests	-	-
	5	(601)

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

	The Group	
	30 June 2019 S\$'000	30 June 2018 S\$'000
Impairment allowance for trade receivables	142	-
Audit fees paid/payable to		
- auditor of the Company	63	69
- other auditors	63	61
Bad debts written off [#]	-	927
Depreciation of property, plant and equipment	967	1,116
Property, plant and equipment written off	9	-
Directors' fees paid/payable to non-executive directors of the Company	42	54
Gain on disposal of property, plant and equipment	(15)	(4)
Loss on foreign exchange	46	60
Impairment loss on property, plant and equipment	-	156
Interest income	(5)	(5)
Interest on borrowings and finance leases	269	296
Inventories written down	48	12
Inventories written back	(115)	(267)
Inventories written off	34	36
Staff costs	6,973	7,634
Overprovision for tax in prior years	(56)	(48)
Gain on disposal of a subsidiary [#]	-	(919)

[#] Bad debts written off of S\$921,000 and gain on disposal of a subsidiary of S\$919,000 is in relation to the disposal of the Group's former indirect subsidiaries, CFM Precision Tooling Sdn Bhd ("**CFM Precision**") and PT Hantong Precision Manufacturing Batam which was completed on 27 June 2018.

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 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets						
Property, plant and equipment	10,797	11,661	12,592	-	1	4
Investments in subsidiaries	-	-	-	12,445	14,945	11,748
Trade receivables	-	83	226	-	-	-
	<u>10,797</u>	<u>11,744</u>	<u>12,818</u>	<u>12,445</u>	<u>14,946</u>	<u>11,752</u>
Current assets						
Inventories	2,954	2,313	2,409	-	-	-
Trade receivables	4,706	5,485	5,036	7	113	130
Other receivables and prepayments	273	393	515	6	8	8
Amounts due from subsidiaries	-	-	-	1,713	2,501	3,126
Cash and cash equivalents	3,607	4,455	4,457	162	447	1,050
	<u>11,540</u>	<u>12,646</u>	<u>12,417</u>	<u>1,888</u>	<u>3,069</u>	<u>4,314</u>
Total assets	<u>22,337</u>	<u>24,390</u>	<u>25,235</u>	<u>14,333</u>	<u>18,015</u>	<u>16,066</u>
Non-current						
Finance lease liabilities	85	30	71	-	-	-
Borrowings	5,454	5,242	5,552	-	-	-
Deferred tax liabilities	355	413	384	55	91	91
	<u>5,894</u>	<u>5,685</u>	<u>6,007</u>	<u>55</u>	<u>91</u>	<u>91</u>
Current liabilities						
Trade payables	1,943	2,523	2,563	-	-	1
Contract liabilities	216	107	44	-	-	-
Other payables	1,745	3,034	3,713	455	467	1,336
Amount due to subsidiaries	-	-	-	8	19	-
Finance lease liabilities	35	77	111	-	-	-
Borrowings	1,358	1,729	2,311	525	725	1,402
Income tax payable	116	112	18	-	12	11
Provision	-	98	101	-	-	-
	<u>5,413</u>	<u>7,680</u>	<u>8,861</u>	<u>988</u>	<u>1,223</u>	<u>2,750</u>
Total liabilities	<u>11,307</u>	<u>13,365</u>	<u>14,868</u>	<u>1,043</u>	<u>1,314</u>	<u>2,841</u>
Net assets	<u>11,030</u>	<u>11,025</u>	<u>10,367</u>	<u>13,290</u>	<u>16,701</u>	<u>13,225</u>

	The Group			The Company		
	30 June 2019	30 June 2018	1 July 2017	30 June 2019	30 June 2018	1 July 2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Equity						
Share capital	22,963	22,963	21,704	22,963	22,963	21,704
Accumulated losses	(11,855)	(12,145)	(11,337)	(9,673)	(6,262)	(8,479)
Foreign currency translation reserve	(78)	207	-	-	-	-
Equity attributable to owners of the company	11,030	11,025	10,367	13,290	16,701	13,225
Non-controlling interests	-	-	-	-	-	-
Total equity	11,030	11,025	10,367	13,290	16,701	13,225

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 June 2019		As at 30 June 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	35	-	77	-
Borrowings	1,358	-	1,729	-
	<u>1,393</u>	<u>-</u>	<u>1,806</u>	<u>-</u>

Amount repayable after one year

	As at 30 June 2019		As at 30 June 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	85	-	30	-
Borrowings	5,454	-	5,242	-
	<u>5,539</u>	<u>-</u>	<u>5,272</u>	<u>-</u>

Details of any collateral:

- a. Legal mortgage over freehold lands and buildings of a subsidiary with a combined net carrying value of approximately S\$0.70 million as at 30 June 2019 (FY2018: S\$0.70 million);
- b. Legal mortgage over leasehold lands and buildings and the fixed and floating charge on all present and future assets and joint and several guarantee from Directors of a subsidiary with a combined net carrying value of approximately S\$1.43 million as at 30 June 2019 (FY2018: S\$1.57 million);
- c. Charges over the machinery, equipment and motor vehicles of certain of our subsidiaries with a total net carrying value of approximately S\$0.18 million as at 30 June 2019 (FY2018: S\$0.14 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 2019, fixed deposits amounting to S\$0.08 million (FY2018: S\$0.08 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\$5.54 million as at 30 June 2019 (FY2018: S\$4.94 million) and has been converted into mortgage loan on 1 January 2016. The bank facility for this building is secured by the fixed and floating charge on all present and future property at the premise and undertakings in connection with the operations of the property as approved by Housing & Development Board. In addition, two of the directors have placed their personal property as collateral to the bank to secure the banking loan. As at 30 June 2019, the net carrying amount of the leasehold lands and buildings are approximately S\$6.47 million (FY2018: S\$6.87 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 June 2019 S\$'000	30 June 2018 S\$'000
Cash flows from operating activities		
Profit/(loss) before tax	528	(473)
Adjustments for:		
Gain on disposal of a subsidiary	-	(919)
Depreciation on property, plant and equipment	967	1,116
Gain on disposal of property, plant and equipment	(15)	(4)
Property, plant and equipment written off	9	-
Impairment loss on property, plant and equipment	-	156
Inventory write down	48	12
Inventory write off	34	36
Inventory write back	(115)	(267)
Impairment allowance for trade receivables	142	-
Interest expenses	269	296
Interest income	(5)	(5)
Receivable from disposed subsidiaries written off	-	921
Operating cash flows before working capital changes	1,862	869
Inventories	(679)	93
Receivables and prepayments	618	(361)
Payables	(1,747)	(17)
Foreign currency translation adjustment	(2)	(54)
Cash generated from operating activities	52	530
Interest received	5	5
Income tax paid	(223)	(207)
Net cash (used in)/generated from operating activities	(166)	328
Cash flows from investing activities		
Purchase of property, plant and equipment (Note A)	(205)	(104)
Proceeds from disposal of property, plant and equipment	20	4
Proceeds from disposal of a subsidiary, net of cash disposed (Note B)	-	(135)
Net cash used in investing activities	(185)	(235)

	Group	
	30 June	30 June
	2019	2018
	S\$'000	S\$'000
Cash flows from financing activities		
Repayment of borrowings	(2,019)	(2,786)
Proceeds from borrowings	1,920	1,792
Interest paid	(269)	(296)
Net repayment of finance lease liabilities	(94)	(122)
Net proceeds from Rights Issue	-	1,259
Fixed deposits pledged with financial institutions	-	1,089
Net cash (used in)/generated from financing activities	(462)	936
Net (decrease)/increase in cash and cash equivalents	(813)	1,029
Cash and cash equivalents at beginning of the financial year	4,374	3,286
Effect of exchange rate changes on opening cash and cash equivalents	(36)	59
Cash and cash equivalents at end of the financial year	3,525	4,374

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

	Group	
	30 June	30 June
	2019	2018
	S\$'000	S\$'000
Cash and cash equivalents		
Fixed deposits	82	81
Cash and bank balances	3,525	4,374
	3,607	4,455
Less : fixed deposits pledged with bank	(82)	(81)
	3,525	4,374

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$0.32 million (2018: S\$0.14 million) of which S\$0.11 million (2018: S\$0.04 million) was financed by means of finance lease, cash payment of S\$0.21 million (2018: S\$0.10 million) was made to purchase property, plant and equipment.

Note B

In 2018, the Group disposed its indirectly subsidiaries, CFM Precision Sdn Bhd and PT Hantong Precision Manufacturing Batam for S\$4.00. The book values of net assets of subsidiaries disposed were as follow;

	FY2018 S\$'000
Property, plant and equipment	27
Inventory	291
Trade receivables	229
Deposit, prepayment and other receivables	52
Cash and cash equivalents	135
Trade payables	(465)
Other payables	(1,212)
Deferred tax liabilities	59
Net liabilities disposed of	(884)
Net gain on disposal	919
Reclassification of foreign currency translation reserve	(35)
Sale proceeds	-
Less: Bank balances and cash disposed	(135)
Cash flow on disposal	(135)

- (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						
Opening balance at 1 July 2018 SFRS(I) Framework	11,025	11,025	22,963	(12,145)	207	-
Profit for the year	290	290	-	290	-	-
<u>Other comprehensive loss:</u>						
Currency translation differences arising on consolidation	(285)	(285)	-	-	(285)	-
Other comprehensive loss, net of tax	(285)	(285)	-	-	(285)	-
Total comprehensive income/(loss) for the year	5	5	-	290	(285)	-
Balance at 30 June 2019	11,030	11,030	22,963	(11,855)	(78)	-

	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						
Opening balance at 1 July 2017	10,367	10,367	21,704	(8,718)	(2,619)	-
Cumulative effect of adopting SFRS(I)	-	-	-	(2,619)	2,619	-
Opening balance at 1 July 2017 SFRS(I) Framework	10,367	10,367	21,704	(11,337)	-	-
Issue of new ordinary shares under Rights Issue	1,395	1,395	1,395	-	-	-
Share issue expense	(136)	(136)	(136)	-	-	-
	1,259	1,259	1,259	-	-	-
Loss for the year	(808)	(808)	-	(808)	-	-
<u>Other comprehensive income/(loss):</u>						
Currency translation differences arising on consolidation	242	242	-	-	242	-
Reclassification of foreign currency translation reserve on disposal of subsidiaries	(35)	(35)	-	-	(35)	-
Other comprehensive income, net of tax	207	207	-	-	207	-
Total comprehensive (loss)/income for the year	(601)	(601)	-	(808)	207	-
Balance at 30 June 2018	11,025	11,025	22,963	(12,145)	207	-

	Equity, total S\$'000	Share Capital S\$'000	Accumulated losses S\$'000
The Company			
Balance at 1 July 2018	16,701	22,963	(6,262)
Loss and total comprehensive loss for the financial year	(3,411)	-	(3,411)
Balance at 30 June 2019	<u>13,290</u>	<u>22,963</u>	<u>(9,673)</u>

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

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares reported on and as at the end of the corresponding period of the immediately preceding financial year

The Company did not issue any new capital during financial year ended 30 June 2019.

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.

	FY2019	FY2018
Total number of issued shares at beginning of financial year	201,535,276	108,518,995
Number of ordinary shares issued pursuant to the Rights Issue on 18 December 2017	-	93,016,281
Total number of issued shares at end of financial year	201,535,276	201,535,276

The Company did not hold any treasury shares, subsidiary holdings or other convertibles as at 30 June 2019 and 30 June 2018.

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

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

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

Not Applicable. The Company did not have any subsidiary holdings during and at the end of the current financial year reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by our auditors.

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

Not Applicable.

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

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

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

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

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 2019	30 June 2018
Profit/(loss) attributable to equity holders of the Company (S\$'000)	<u>290</u>	<u>(808)</u>
Weighted average ordinary share ('000) for calculation of:		
a) Basic earnings per share	<u>201,535</u>	<u>161,166</u>
b) Diluted earnings per share	<u>201,535</u>	<u>161,166</u>
Earnings/(loss) per share (in cents)		
a) Based on weighted average number of ordinary shares in issue	<u>0.14</u>	<u>(0.50)</u>
b) b) On a fully diluted basis	<u>0.14</u>	<u>(0.50)</u>

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

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	30 June 2019	30 June 2018
The Group		
Net asset value per ordinary share – include non-controlling interests (in cents)	<u>5.47</u>	<u>5.47</u>
The Company		
Net asset value per ordinary share (in cents)	<u>6.59</u>	<u>8.29</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 2019 (“FY2019”) vs Financial Year Ended 30 June 2018 (“FY2018”)

Revenue

For FY2019, the Group registered a revenue of S\$20.31 million which was a decrease of S\$2.32 million from the previous corresponding financial year. The decrease was mainly due to decrease in demand of metal stamping and fabrication and impact from the partial disposal of the Company's indirect subsidiary, PT Hantong Precision Manufacturing Batam, offset by higher revenue generated from tooling and components and parts segment.

Gross Profit

The gross profit increased from S\$4.34 million in FY2018 to S\$4.48 million in FY2019. The gross profit margin also increased from 19.20% to 22.04% for the same period. The increase in gross profit and improvement of gross profit margin were due to impact from the partial disposal of the Company's indirect subsidiary, PT Hantong Precision Manufacturing Batam (which was in gross loss position) and decrease in depreciation of property, plant and equipment during the current financial year.

Other Income

Other income in FY2019 consists of income from rental income (S\$0.64 million), interest from fixed deposit and insurance claim of (S\$0.01 million), government grant (S\$0.01 million, reversal of provision for litigation expenses (S\$0.29 million) and other miscellaneous income (S\$0.03 million).

Other income has decreased from S\$1.80 million in FY2018 to S\$0.98 million in FY2019 which was mainly due to absence of gain on disposal on subsidiaries which was completed on 27 June 2018.

Administrative and Other Expenses

Administrative expenses in FY2019 consist mainly of directors' remuneration and salary expenses (S\$2.30 million), professional fees (S\$0.21 million), depreciation charge (S\$0.60 million), land lease, office rental and property tax for Singapore factory (S\$0.34 million), office

repairs and maintenance (S\$0.30 million), printing & stationery (S\$0.04 million), travelling expenses (S\$0.05 million), provision for doubtful debts (S\$0.14 million), telephone (S\$0.06 million), provision for inventory obsolescence (S\$0.05 million), inventory written off (S\$0.03 million), and other miscellaneous expenses (S\$0.15 million).

It has decreased from S\$5.92 million in FY2018 to S\$4.27 million in FY2019 mainly due to:

- a. absence of bad debts written off from the Group's former subsidiary, PT Hantong Precision Manufacturing Batam; and
- b. absence of provision of litigation fees during the current financial year;
- c. absence of impairment of property, plant and equipment
- d. decrease in Directors' remuneration and salary expenses; and
- e. the impact from the partial disposal of the Company's indirect subsidiary, PT Hantong Precision Manufacturing Batam and CFM Precision Tooling Sdn Bhd.

Finance Costs

Finance costs decrease from S\$0.30 million in FY2018 to S\$0.27 million in FY2019. The decrease in finance costs was mainly due to repayment of finance lease and borrowings by the Group.

Tax expense

The decrease in tax expense in current financial year was attributed to the lower taxable profit generated by certain profitable subsidiaries in China, Republic of Slovak and Malaysia.

Profit/(loss) for the year

Overall, the Group recorded a profit after tax of S\$0.29 million in FY2019 as compared to a loss after tax of S\$0.81 million in FY2018.

The results for the financial year ended 30 June 2019 is in line with the Company's profit guidance announcement on 22 August 2019.

Review of Consolidated Balance Sheet (FY2019 vs. FY2018)

Non-Current Assets

Company Level

The investment in subsidiaries has decreased from S\$14.95 million in FY2018 to S\$12.45 million in FY2019. During the current financial year, the Management performed an impairment test for its investment in subsidiaries. As a result of the assessment, the Management have made impairment loss in its investment in Singapore subsidiaries of S\$0.30 million (FY2018: reversal of impairment loss in its investment in Singapore subsidiaries of S\$1.36 million) and impairment loss in China subsidiary of S\$2.20 million (FY2018: reversal of impairment loss in China subsidiary of S\$1.84 million).

Group Level

Property, plant and equipment decreased from S\$11.66 million as at 30 June 2018 to S\$10.80 million as at 30 June 2019. The decrease is mainly due to depreciation charge of S\$0.97 million, disposal of property, plant and equipment of S\$0.02 million and translation difference of S\$0.19 million, offset by purchase of property, plant and equipment of S\$0.32 million during the current financial year.

Current Assets

Inventories increase from S\$2.31 million as at 30 June 2018 to S\$2.95 million as at 30 June 2019. The increase was mainly due to purchase of raw materials by two subsidiaries of the Company, Hantong Metal Components (Penang) Sdn Bhd and CFM Slovakia s.r.o.

Trade receivables decreased from S\$5.49 million as at 30 June 2018 to S\$4.71 million as at 30 June 2019. The decrease was mainly due to lower sales orders from the customers during the current financial year reported. The average trade receivables turnover days of the group was 85 days (FY2018: 88 days).

Other receivables as at 30 June 2019 consist mainly of deposits and prepayments (S\$0.26 million) and other receivables (S\$0.01 million). It has decreased from S\$0.39 million as at 30 June 2018 to S\$0.27 million as at 30 June 2019. The decrease was mainly due to the decrease in prepaid expenses and tax recoverable from the tax authority during the current financial year.

Current Liabilities

Trade payables decreased from S\$2.52 million as at 30 June 2018 to S\$1.94 million as at 30 June 2019. This is mainly due to lower purchases in line with lower sales during the current financial year.

The increase in contract liabilities from S\$0.11 million as at 30 June 2018 to S\$0.22 million as at 30 June 2019 was mainly due to increase in advance receipts from the customers.

Other payables amounting to S\$1.74 million as at 30 June 2019 comprised mainly:

- a. accrued expenses of S\$0.82 million, mainly accrued employee related expenses and other non-trade related expenses;
- b. other creditors of S\$0.32 million;
- c. amount due to a director of S\$0.29 million;
- d. S\$0.31 million for others consist of provision for directors' fees and rental and deposit received.

The decreased of other payables from S\$3.03 million as at 30 June 2018 to S\$1.74 million as at 30 June 2019 was mainly due to payment of the adverse litigation judgement for litigation case as disclosed below, settlement of legal suit with the Singapore building former contractor and reverse the excess provision of legal expenses to other income.

Reports on the current litigation cases:-

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

Subsequent to the announcement dated 4 February 2015, 27 August 2015, 5 February 2016, 26 August 2016, 9 February 2017, 25 August 2017, 9 February 2018 and 6 April 2018, 24 August 2018 and 1 February 2019, the Malaysian Court had released its Judgement on 4 April 2018. The salient points of the judgement can be found at the Company's announcement dated 6 April 2018.

HTPG had filed an appeal on the Judgment dated 4 April 2018 to Court of Appeal. The Court of Appeal is now fixed the matter for decision on 8 August 2019. The case has been postponed to a date to be fixed by the Court. At the same time, HTPG also filed an application in Alor Setar High Court to stay the Judgment pending the Hearing of the HTPG's appeal to Court of Appeal.

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

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

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

Finance Lease and Borrowings

Total borrowings for the Group decreased from S\$7.08 million as at 30 June 2018 to S\$6.93 million as at 30 June 2019. This was mainly due to the repayment of the finance lease and borrowings, offset by proceeds from new short-term loan during the current financial year.

Review of Consolidated Statement of Cash Flows (FY2019 vs. FY2018)

For the financial year ended 30 June 2019, the Group had used net cash of S\$0.17 million from its operating activities as compared to net cash inflow of S\$0.33 million for FY2018.

The Group generated operating cash inflow before working capital changes of S\$1.86 million in FY2019, as compared to cash inflow of S\$0.87 million in FY2018 mainly due to profit before tax of S\$0.53 million in FY2019 as compared to loss before tax of S\$0.47 million in FY2018. As a result of a increase in inventories of S\$0.68 million, decrease in receivables of S\$0.62 million and payables of S\$1.75 million, the Group recorded a net cash used in operating activities of S\$0.17 million in FY2019.

Net cash used in investing activities amounted to S\$0.19 million in FY2019 as compared to S\$0.24 million in FY2018. The net cash flow used was mainly for the purchase of property, plant & equipment of S\$0.21 million and was offset partially by proceeds from disposal of property, plant and equipment S\$0.02 million.

Net cash used in financing activities of S\$0.46 million in FY2019 was mainly attributed by:

- a. proceeds from borrowings of S\$1.92 million; offset by
- b. repayment of borrowings of S\$2.02 million;
- c. net repayment of finance lease liabilities of S\$0.09 million; and
- d. Interest payment of S\$0.27 million.

As a result of the above, the Group's cash and cash equivalent decreased from S\$4.37million as at FY2018 to S\$3.53 million as at FY2019.

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 challenging business environment may have affected the Group performance especially uncertainty of the US-China trade war and the Group expects the challenges to remain in the near future.

The Management will continue to strengthen the operations and to manage the operating costs more efficiently in order to maintain or improve the profit margin.

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 and the reason(s) for the decision.**

Due to the operating conditions faced by the Group, no dividend has been declared/recommended for the financial year ended 30 June 2019.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Operating segment – business segments

	Metal Stamping		Tooling		Components and parts ^{#2}		Cleanroom products		Group	
	2019 ^{#1} S\$'000	2018 ^{#1} S\$'000	2019 S\$'000	2018 S\$'000	2019 ^{#1} S\$'000	2018 ^{#1} S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Segment revenue										
Sales to external customers	15,660	18,510	1,403	1,015	500	324	2,745	2,778	20,308	22,627
Segmental result	704	321	510	267	220	(228)	544	545	1,978	905
Unallocated segment									(1,181)	(1,082)
Finance costs									(269)	(296)
Profit/(loss) before tax									528	(473)
Income tax expense									(238)	(335)
Profit/(loss) after tax									290	(808)
Group Assets and Liabilities										
Segmental assets	13,116	14,212	157	142	6,935	7,711	1,955	1,863	22,163	23,928
Unallocated assets									174	462
Total assets									22,337	24,390
Segmental liabilities	2,694	3,374	124	128	273	1,244	410	549	3,501	5,295
Unallocated liabilities									7,806	8,070
Total liabilities									11,307	13,365

Note

#1: The Group has re-allocated its assets and liabilities which related to warehousing and service logistic business from Metal Stamping segment to Component and Parts segment in line with the growing of warehousing and service logistic business during the current financial year. Comparative has been restated to account for the effect of the re-allocation.

#2: Components and parts include warehousing and service logistic business.

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Operating segment – business segments (cont'd)

	Metal Stamping		Tooling		Components and parts		Cleanroom products		Group	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Other segment information										
Capital expenditure	227	50	10	42	-	29	80	24	317	145
Depreciation of property, plant and equipment	458	588	1	26	470	472	38	30	967	1,116
Property, plant and equipment written off	9	-	-	-	-	-	-	-	9	-
Impairment loss on property, plant and equipment	-	156	-	-	-	-	-	-	-	156

Geographical information

	Singapore		Malaysia		United States of America		Slovak Republic		Czech Republic		Netherlands		Others*		Group	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Sales to external customers	4,569	5,557	6,483	6,907	890	396	2,010	2,225	783	947	1,269	1,221	4,304	5,374	20,308	22,627
Non-current assets	6,650	7,060	2,370	2,670	-	-	1,720	1,835	-	-	-	-	57	96	10,797	11,661
Other geographical information																
Capital expenditure	97	52	126	45	-	-	88	45	-	-	-	-	6	3	317	145

* Other comprise Indonesia, Hong Kong, The People's Republic of China, Canada, Switzerland, Poland, Italy, United Kingdom, Germany, Hungary and Romania.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8.

15. A breakdown of sales.

	The Group			
	FY2019 S\$'000	FY2018 S\$'000	Changes	
			S\$'000	%
Sales reported for the first half year	10,683	11,168	(485)	(4.3)
Profit/(loss) after tax before deducting non-controlling interests reported for the first half year	393	55	338	614.5
Sales reported for second half year	9,625	11,459	(1,834)	(16.0)
Loss after tax before deducting non-controlling interests reported for the second half year	(103)	(863)	(760)	(88.0)

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	-	-
Preference Share	-	-

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

The Group has not obtained a general mandate from the shareholders for interested person transactions. There were no interested party transactions during the financial period under review.

18. Use of Proceeds from the Rights Issue

As announced on 25 January 2019, the proceeds of the Rights Issue have been fully utilized and the actual usage is consistent with the intended uses as disclosed in the Company's Offer Information Statement dated 24 November 2017 in relation to the Rights Issue.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ip Kwok Wing	66	Husband of Ms Lim Fong Li Janet, 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.
Lim Fong Li Janet	62	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	35	Son of Mr Ip Kwok Wing (Executive Chairman and substantial shareholder of the Company) and Ms Lim Fong Li Janet (CEO and substantial shareholder of the Company)	(i) Current Position: - Chief Operating Officer of the Company - Executive Officer of CFM Slovakia s.r.o - General Manager of Hantong Metal Component (Penang) Sdn Bhd. (ii) Duties: Overall performance of CFM Slovakia s.r.o. and Hantong Metal Component (Penang) Sdn Bhd (iii) Joined since: 8 July 2013	Mr Kenneth stepped down as Executive Director of the Company and re-designate as Chief Operating Officer of the Company on 19 July 2019.
Andrew Ip Jowa	30	Son of Mr Ip Kwok Wing (Executive Chairman and substantial shareholder of the Company) and Ms Lim Fong Li Janet (CEO and substantial shareholder of the Company)	(i) Current Position: Sales Manager of Hantong Metal Component Sdn Bhd. (ii) Duties: Overall sales and marketing of Hantong Metal Component Sdn Bhd (iii) Appointed since: 4 September 2017	N.A.

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

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

BY ORDER OF THE BOARD

Lim Fong Li Janet
Chief Executive Officer
28 August 2019

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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