

CFM HOLDINGS LIMITED
(Company Registration no.: 200003708R)
(Incorporated in the Republic of Singapore)

**ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE SGX-ST LISTING MANUAL SECTION B:
RULES OF CATALIST – QUALIFICATION OF AUDIT OPINION BY THE COMPANY’S AUDITORS ON
THE GROUP’S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Rules of Catalist**”), the Board of Directors (the “**Board**”) of CFM Holdings Limited (the “**Company**”) and collectively with its subsidiaries the “**Group**”) wishes to announce that the Company’s auditors, Messrs Baker Tilly TFW LLP (the “**Independent Auditors**”), have issued a qualified opinion (“**Qualified Opinion**”) in their Independent Auditors’ report dated 3 October 2014 in relation to the financial statements of the Group for the financial year ended 30 June 2014 (“**FY2014**”).

A copy of the aforesaid qualified opinion is annexed to this announcement as “Appendix A”. A copy of the Annual Report will be despatched to all shareholders on or before 9 October 2014.

An extract of the basis for the Qualified Opinion in their Independent Auditors’ report is set out below:

“Basis for Qualified Opinion for the Group

In our auditor’s report on the consolidated financial statements of the Group for the financial year ended 30 June 2013, we expressed a qualified opinion as we were unable to obtain sufficient information and explanations to enable us to form an opinion as to whether the unaudited management accounts of a subsidiary, CFM ProEnergies LLC (“CFMPE”), used in the preparation of the consolidated financial statements, were prepared in accordance with Singapore Financial Reporting Standards and in form and content appropriate and proper for the purpose of preparation of the consolidated financial statements of the Group. Accordingly, we were unable to determine whether any adjustments might be necessary in respect of the net loss of CFMPE amounted to \$87,000 and loss recognised on classification of CFMPE’s assets and liabilities as held for sale amounted to \$471,000 included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the financial year ended 30 June 2013.

Our opinion for the consolidated financial statements for the current financial year ended 30 June 2014 is also qualified because of the possible effect of this matter on the comparability of the current year’s figures and the corresponding figures.

Opinion on the consolidated financial statements of the Group

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion, the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 30 June 2014 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Opinion on the balance sheet of the Company

In our opinion, the balance sheet of the Company is properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 30 June 2014.”

In relation to the Independent Auditor's basis for the Qualified Opinion set out above, the Directors noted the continued difficulties faced by the Company to obtain the financial statements of CFMPE from the local management. Furthermore, the Company has been trying to dispose of its equity interest in CFMPE to its Uzbekistan partner but without much success.

The Directors confirm and are of the view that this will not affect the going concern of the Group and therefore, should not have material adverse impact on the balance sheets of the Group and the Company as at 30 June 2014 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for FY2014 due to the following reasons:-

- i) CFMPE was incorporated in August 2010 and has not commenced production as of to date;
- ii) Investment in CFMPE has been fully impaired in prior year's financial statements; and
- iii) The carrying amount for the Company's investment in CFMPE is nil as at 30 June 2014. The Company has lost its control over CFMPE due to:-
 - a. The management has made several attempts to get in contact with the joint venture partner to withdraw from this investment but has yet to receive any response from them;
 - b. The Company was unable to obtain management accounts and audited financial statement of CFMPE for the financial year ended 30 June 2014 from their joint venture partner;
 - c. The Company was not informed of nor involved in the major operating and financial decisions and the appointment or removal of the board of directors of CFMPE; and
 - d. The Group Chief Executive Officer ceased to be an authorised bank signatory.

In the event that the Company is able to dispose its equity interest in CFMPE for some monetary returns, the Group will record it as a gain on disposal.

BY ORDER OF THE BOARD

Janet Lim Fong Li
Executive Director & Chief Executive Officer

3 October 2014

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 statement or opinions made or reports contained in this announcement.

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