



CFM Holdings Limited

(Incorporated in Singapore under Registration No. 200003708R)

**Full Year Financial Statement for the Year Ended
30 June 2014**

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 2014.

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 2014 S\$'000	30 June 2013 S\$'000
Revenue	34,757	42,838
Cost of Sales	(28,223)	(36,475)
Gross profit	6,534	6,363
Other income	534	1,098
Marketing expenses	(1,113)	(1,373)
Administrative and other expenses	(5,112)	(8,451)
Finance costs	(62)	(81)
Profit/(loss) before tax	781	(2,444)
Tax expense	(381)	(851)
Profit/(loss) for the year	400	(3,295)
Other comprehensive income/(loss)		
Currency translation(loss)/gain	(176)	308
Total comprehensive income/(loss) attributable to equity holders of the Company	224	(2,987)
Profit attributable to:		
Equity holders of the Company	400	(3,261)
Non-controlling interests	-	(34)
Profit/(loss) for the year	400	(3,295)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	239	(2,951)
Non-controlling interests	(15)	(36)
	224	(2,987)

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

	The Group	
	30 June 2014 S\$'000	30 June 2013 S\$'000
Allowance for doubtful trade receivables	112	901
Allowance for doubtful non-trade receivables	39	-
Allowance for doubtful trade receivables written back	-	(2)
Bad trade debts written off	22	-
Depreciation		
- property, plant and equipment	1,165	1,940
- investment properties	8	8
Gain on disposal of property, plant and equipment	(59)	(59)
Gain on disposal of assets held for sale	-	(17)
(Gain)/loss on foreign exchange	(37)	134
Impairment loss on property, plant and equipment	-	1,030
Interest income	(7)	(29)
Interest on borrowings and finance leases	62	81
Inventories written down	59	256
Inventories written back	(22)	(14)
Loss recognised on remeasurement to fair value less costs to sell	-	471
Property, plant and equipment written off	17	228
Underprovision for tax in prior years	4	149
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 2014 S\$'000	30 June 2013 S\$'000	30 June 2014 S\$'000	30 June 2013 S\$'000
Non-current assets				
Property, plant and equipment	13,059	6,848	10	7
Investment properties	318	340	-	-
Investments in subsidiaries	-	-	8,496	9,742
Amount due from subsidiaries	-	-	31	49
	<u>13,377</u>	<u>7,188</u>	<u>8,537</u>	<u>9,798</u>
Current assets				
Available-for-sale financial asset	-	-	-	-
Investment	-	234	-	-
Inventories	4,107	3,905	-	-
Trade receivables	7,257	8,629	176	162
Other receivables	1,043	1,111	136	12
Amounts due from subsidiaries	-	-	4,254	3,488
Cash and bank balances	5,821	8,198	2,265	2,606
	<u>18,228</u>	<u>22,077</u>	<u>6,831</u>	<u>6,268</u>
Assets held for sale	-	451	-	-
Total current assets	<u>18,228</u>	<u>22,528</u>	<u>6,831</u>	<u>6,268</u>
Total assets	<u>31,605</u>	<u>29,716</u>	<u>15,368</u>	<u>16,066</u>
Non-current liabilities				
Finance lease liabilities	241	295	-	-
Interest-bearing loans and borrowings	149	317	-	-
Deferred tax liabilities	597	637	91	91
	<u>987</u>	<u>1,249</u>	<u>91</u>	<u>91</u>
Current liabilities				
Trade payables	3,898	6,141	-	-
Other payables	4,502	2,821	551	623
Amount due to subsidiaries	-	-	-	1,269
Finance lease liabilities	178	221	-	-
Interest-bearing loans and borrowings	3,638	713	-	-
Income tax payable	119	61	11	11
	<u>12,335</u>	<u>9,957</u>	<u>562</u>	<u>1,903</u>
Liabilities associated with assets held for sale	-	305	-	-
Total current liabilities	<u>12,335</u>	<u>10,262</u>	<u>562</u>	<u>1,903</u>
Total liabilities	<u>13,322</u>	<u>11,511</u>	<u>653</u>	<u>1,994</u>
Net assets	<u>18,283</u>	<u>18,205</u>	<u>14,715</u>	<u>14,072</u>

	The Group		The Company	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Equity				
Share capital	21,704	21,704	21,704	21,704
Accumulated losses	(2,053)	(2,364)	(6,989)	(7,632)
Other reserves	(1,369)	(1,297)	-	-
Equity attributable to owners of the company	18,282	18,043	14,715	14,072
Non-controlling interests	1	162	-	-
Total equity	<u>18,283</u>	<u>18,205</u>	<u>14,715</u>	<u>14,072</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 2014		As at 30 Jun 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	178	-	221	-
Interest-bearing loans and borrowings	3,638	-	713	-
	<u>3,816</u>	<u>-</u>	<u>934</u>	<u>-</u>

Amount repayable after one year

	As at 30 Jun 2014		As at 30 Jun 2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	241	-	295	-
Interest-bearing loans and borrowings	149	-	317	-
	<u>390</u>	<u>-</u>	<u>612</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\$1.12 million as at 30 June 2014 (FY2013: S\$1.17 million);
- b) A legal mortgage over the industrial leasehold property of a subsidiary with a Nil net carrying value as at 30 June 2014 (FY2013: Nil);
- c) Charges over the machinery, equipment and motor vehicles of certain of our subsidiaries with a total net carrying value of approximately S\$0.83 million as at 30 June 2014 (FY2013: S\$0.88 million);
- d) Joint personal guarantees from two of our directors for finance lease on certain machineries purchased by a subsidiary amounting to S\$0.01 million as at 30 June 2014 (FY2013: S\$0.12 million);
- e) Corporate guarantees issued by the Company;
- f) As at 30 June 2014, fixed deposits amounting to S\$1.65 million (FY2013: S\$1.80 million) were pledged with financial institutions as securities for loans and credit facilities granted to the Group; and
- g) Construction loan of S\$2.74 million pertaining to the Singapore factory will be converted into mortgage loan upon completion of the construction and terms are subject to negotiation with the lender.

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 2014 S\$'000	30 June 2013 S\$'000
Cash flows from operating activities		
Profit/(loss) before tax	781	(2,444)
Adjustments for:		
Depreciation of:		
- property, plant and equipment	1,165	1,940
- investment properties	8	8
Impairment loss on property, plant and equipment	-	1,030
Impairment loss on assets held for sale	-	471
Gain on disposal of property, plant and equipment	(59)	(59)
Gain on disposal of asset held for sale	-	(17)
Return on investment in joint venture	(78)	(342)
Property, plant and equipment written off	17	228
Interest expenses	62	81
Interest income	(7)	(29)
Operating cash flows before working capital changes	1,889	867
(Increase)/decrease in inventories	(202)	640
Decrease in receivables	1,390	131
Decrease in payables	(2,508)	(919)
Foreign translation adjustment of subsidiaries	(71)	67
Cash generated from operations	498	786
Interest income received	7	29
Income tax paid	(324)	(882)
Net cash generated from operating activities	181	(67)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note A)	(2,595)	(239)
Proceeds from disposal of property, plant and equipment	120	1,466
Proceeds from disposals of assets of a subsidiary	-	1,943
Proceeds from disposal of asset held for sale	-	24
Proceeds from investment in a joint venture	305	1,349
Net cash (used in)/from investing activities	(2,170)	4,543

	The Group	
	30 June 2014 S\$'000	30 June 2013 S\$'000
Cash flows from financing activities		
Repayment of bank loans	(162)	(2,884)
Proceeds from banks	178	1,623
Interest paid	(62)	(81)
Net repayment of finance lease liabilities	(265)	(355)
Dividend paid to shareholders	-	(760)
Fixed deposits pledged with financial institutions	149	14
Net cash used in financing activities	(162)	(2,443)
Net (decrease)/increase in cash and cash equivalents	(2,151)	2,033
Cash and cash equivalents at beginning of the financial year	6,403	4,317
Effect of exchange rate changes on cash and cash equivalents	(77)	53
Cash and cash equivalents at end of the financial year	4,175	6,403
Cash and cash equivalents		
Fixed deposits	1,814	1,830
Cash at bank and in hand	4,007	6,368
	5,821	8,198
Less: Fixed deposits pledged with bank	(1,646)	(1,795)
Cash and cash equivalents at end of the year	4,175	6,403

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$7.45 million (2013: S\$0.67 million) of which S\$0.17 million (2013: S\$0.43 million) was financed by means of finance lease and S\$2.74 million (2013: Nil) by bank loan. Cash payment of S\$2.60 million (2013: S\$0.24 million) was made to purchase property, plant and equipment. An amount of S\$1.94 million relating to the construction of the new Singapore factory was accrued as at 30 June 2014.

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	Retained earnings S\$'000	Other reserves, total S\$'000	Premium paid to acquisition on 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 income for the year:</u>								
Currency translation differences	(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>								
Disposal of a subsidiary	-	-	-	(89)	89	89	-	-
Deemed disposal arising from loss of control over a subsidiary	(146)	-	-	-	-	-	-	(146)
	(146)	-	-	(89)	89	89	-	(146)
Balance at 30 June 2014	18,283	18,282	21,704	(2,053)	(1,369)	-	(1,369)	1

	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	Retained earnings S\$'000	Other reserves, total S\$'000	Premium paid to acquisition of non- controlling interests S\$'000	Foreign currency translation reserve S\$'000	Non- controlling interests S\$'000
The Group								
Balance at 1 July 2012	21,952	21,754	21,704	1,657	(1,607)	(89)	(1,518)	198
Profit for the year	(3,295)	(3,261)	-	(3,261)	-	-	-	(34)
<u>Other comprehensive income for the year:</u>								
Currency translation differences	308	310	-	-	310	-	310	(2)
Total comprehensive loss for the year	(2,987)	(2,951)	-	(3,261)	310	-	310	(36)
<u>Contributions by and distributions to owners:</u>								
Dividend on ordinary shares	(760)	(760)	-	(760)	-	-	-	-
Total transactions with owners in their capacity as owners	(760)	(760)	-	(760)	-	-	-	-
Balance at 30 June 2013	18,205	18,043	21,704	(2,364)	(1,297)	(89)	(1,208)	162

	Equity, total S\$'000	Share capital S\$'000	Retained earnings 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)

	Equity, total S\$'000	Share capital S\$'000	Retained earnings S\$'000
The Company			
Balance at 1 July 2012	18,325	21,704	(3,379)
Loss for the year	(3,493)	-	(3,493)
Total comprehensive loss for the year	(3,493)	-	(3,493)
<u>Contributions by and distributions to owners:</u>			
Dividend paid on ordinary shares	(760)	-	(760)
Total transactions with owners in their capacity as owners	(760)	-	(760)
Balance at 30 June 2013	14,072	21,704	(7,632)

- 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 2014.

- 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 2014	30 June 2013
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 2014 and 30 June 2013.

- 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 2014.

- 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 2014 as compared with the audited consolidated financial statements for the financial year ended 30 June 2013.

- 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 2014	30 June 2013
Profit/(Loss) attributable to equity holders of the Company (S\$'000)	<u>400</u>	<u>(3,261)</u>
Earnings per share (in cents)		
a) Based on weighted average number of ordinary shares in issue	<u>0.37</u>	<u>(3.01)</u>
b) On a fully diluted basis	<u>0.37</u>	<u>(3.01)</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 2014	30 June 2013
The Group		
Net asset value per ordinary share – include non-controlling interests (in cents)	<u>16.85</u>	<u>16.78</u>
The Company		
Net asset value per ordinary share (in cents)	<u>13.56</u>	<u>12.97</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 (FY2014 vs. FY2013)

Revenue

For the financial year ended 30 June 2014 ("FY2014"), the Group registered a revenue of S\$34.76 million which was a decrease of S\$8.08 million from the previous corresponding financial year. The decrease was mainly due to decreased contributions from operations in Malaysia, Singapore and Indonesia by S\$9.20 million but offset by increased contributions in China and Slovakia by S\$1.12 million.

Gross Profit

Our gross profit increased from S\$6.36 million in FY2013 to S\$6.53 million in FY2014. Gross profit margin also improved from 14.9% to 18.8% for the same period. The improved gross profit margin was attributed by the following factors:

- a. continued efforts to tighten cost control; and
- b. improved productivity within all our subsidiaries' operations.

Other Income

Other income in FY2014 consists mainly of income from other investment (S\$0.08 million), government grants (S\$0.07 million), waiver of payables (S\$0.11 million), gain on disposal of property, plant & equipment (S\$0.06 million), rental income (S\$0.05 million), and gain on foreign exchange (S\$0.04 million). However, it has decreased from S\$1.10 million in FY2013 to S\$0.53 million in FY2014 which were mainly attributed by:

- a. loss of rental income received for Singapore operation due to re-construction of the factory (FY2013: S\$0.25 million); and
- b. lower investment income of S\$0.08 million from the ceased joint-venture project in Port Dickson (FY2013: S\$0.34 million).

Marketing Expenses

Marketing expenses decreased from S\$1.37 million in FY2013 to S\$1.11 million in FY2014. This was mainly due to decrease in entertainment expenses and sales commission paid.

Administrative and Other Expenses

Administrative expenses in FY2014 consist mainly of directors' remuneration and salary expenses (S\$2.71 million), professional fees (S\$0.60 million), depreciation charge (S\$0.25 million) lease rental for Singapore factory (S\$0.12 million), allowance for bad debts (S\$0.18 million), relocation expenses for the Singapore and Penang factories (S\$0.08 million) and stock obsolescence (S\$0.04 million). However, it has decreased significantly from S\$8.45 million in FY2013 to S\$5.11 million in FY2014 mainly due to the following factors:

- a. lower impairment charge for FY2014 while an impairment of S\$0.90 million resulted from the demolition of the Singapore factory and impairment from property, plant & equipment in one subsidiary of S\$0.13 million in FY2013;
- b. decrease in bad debt provision of S\$0.90 million in FY2013 to S\$0.15 million in FY2014;
- c. no depreciation charge for the Singapore factory which was under construction in FY2014 (S\$0.58 million in FY2013); and
- d. decrease in stock provision of S\$0.26 million in FY2013 to S\$0.06 million in FY2014.

Finance Costs

Finance costs decreased slightly from S\$0.08 million in FY2013 to S\$0.06 million in FY2014. The finance costs mainly related to finance leases for new machines and equipment.

Income Tax Expense

The Group tax expense decreased significantly from S\$0.85 million in FY2013 to S\$0.38 million in FY2014. High tax expense in FY2013 was mainly due to S\$0.42 million tax expense on gain on disposal of assets in our Thailand subsidiary.

Profit for the Year

Overall, the Group recorded a profit after tax of S\$0.40 million in FY2014.

Review of Consolidated Balance Sheet (FY2014 vs. FY2013)

Non-Current Assets

Property, plant and equipment increased from S\$6.85 million as at 30 June 2013 to S\$13.06 million as at 30 June 2014. This is mainly due to the capitalization of the construction cost of the new factory in Singapore.

Current Assets

Investment in a subsidiary, CFM ProEnergies, LLC, was reclassified to Available-for-sale financial asset, arising from the loss of control over the subsidiary. Attempts were made to the joint venture partner to allow CFM Group to withdraw from this investment, but the management has yet to receive any response from them. The investment in this subsidiary was fully impaired in FY2012.

As of 30 June 2014, the proceeds from divestment in a joint venture project in Port Dickson, Malaysia has been fully received. Hence, investment declined from S\$0.23 million as at 30 June 2013 to nil as at 30 June 2014.

Inventories increased by approximately S\$0.20 million as at 30 June 2014 after net of inventories written down. The inventories written down for FY2014 was S\$0.06 million, out of which, S\$0.04 million related to inventories manufactured for Applicam Industries (S) Pte. Ltd., which is currently under Judicial Management (please see further details in Section 10 of this announcement).

Trade receivables decreased from S\$8.63 million as at 30 June 2013 to S\$7.26 million as at 30 June 2014 due to lower revenue generated. The Group recorded allowance for doubtful debt (trade) of approximately S\$0.08 million in relation to one customer, Showa International (HK) Co. Ltd (please see further details in Section 10). This amount relates to additional billing

to the said customer in July 2013. As at 30 June 2014, the Group has provided full provision for all trade receivable from Showa International (HK) Co. Ltd.

Other receivables for FY2014 consist mainly of deposits (S\$0.35 million), prepayment (S\$0.20 million), tax recoverable from tax authority (S\$0.18 million) and cash receivable from the dissolution of a subsidiary (S\$0.12 million). It has decreased slightly from S\$1.11 million as at 30 June 2013 to S\$1.04 million as at 30 June 2014. This was mainly due to allowances provided for deposit placed with Mesme Rise Resources and amount due from an ex-director in FY2013.

Current Liabilities

Trade payables decreased from S\$6.14 million as at 30 June 2013 to S\$3.90 million as at 30 June 2014 was mainly due to shorter repayment term given by suppliers.

Other payables increased from S\$2.82 million as at 30 June 2013 to S\$4.50 million as at 30 June 2014 was mainly due to the accrual of construction cost payable to the main contractor of the Singapore factory for approximately S\$1.20 million.

Liabilities associated with assets held for sale was expensed off against the assets held for sale.

Borrowings

Total borrowings for the Group increased from S\$1.55 million as at 30 June 2013 to S\$4.21 million as at 30 June 2014. This was mainly due to the drawdown of the construction loan for the Singapore factory.

Review of Consolidated Statement of Cash Flows (FY2014 vs. FY2013)

For the full year ended 30 June 2014, the Group had generated a net cash inflow of S\$0.18 million from our operating activities as compared to net cash outflow of S\$0.07 million in FY2013. The increase in positive net operating cash flow was due to:

- a. profit generated in FY2014 before tax of approximately S\$0.78 million;
- b. non-cash movements of expenses like depreciation charge of S\$1.17 million;
- c. S\$1.39 million receipts from receivables; but offset by
- d. increase in inventories purchase by S\$0.2 million; and
- e. payment of S\$2.51 million to suppliers.

Net cash flows used in investing activities amounted to S\$2.17 million in FY2014 as compared to net cash flow generated from investing activities of S\$4.54 million in FY2013. The net cash flow used was mainly for the payment of the construction cost of the new Singapore factory of approximately S\$2.6 million, but partially offset by proceed from cessation of the joint-venture project of S\$0.1 million and disposal of property, plant and equipment of approximately S\$0.3 million.

Net cash used in financing activities of approximately S\$0.16 million in FY2014 was mainly attributed to:

- a. repayment of bank loans of approximately S\$0.16 million;
- b. Interest payment of S\$0.06 million;
- c. net repayment of finance lease liabilities of approximately S\$0.27 million;
- d. partially offset by proceed from banks of approximately S\$0.18 million; and

- e. released of fixed deposits pledged with financial institution of approximately S\$0.15 million.

The Group's cash and cash equivalent decreased from S\$6.40 million as at 30 June 2013 to S\$4.18 million as at 30 June 2014.

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 believes that the outlook for the industry, in which it operates, to remain challenging. Therefore, the management will continue to monitor and tighten cost control over its operations and to improve productivity. In addition, the Group will continue to evaluate business opportunities locally and overseas.

The construction of the new Singapore factory has been completed pending receipt of "Temporary Occupation Permit" ("TOP"). Currently, a few potential tenants have shown keen interests to lease from the subsidiary. However, as at the date of this announcement, no definitive lease agreement with the potential tenants has been executed. Based on Housing & Development Board of Singapore prevailing sub-letting rules, the Company can sublet up to 50% of the total rentable area of 62,000 square feet.

Reports on the current litigation case that the Company has with Showa International (HK) Co. Ltd and Applicam Industries (S) Pte. Ltd.:-

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

Save as disclosed in the announcement dated 10 February 2014, there is no further material development relating to the Showa Litigation case.

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 hearing are still uncertain as at the date of this announcement.

Hantong Metal Component (Penang) Sdn. Bhd. has engaged a Malaysian legal firm to contest the Claims instituted by Showa. The Company will keep the shareholders informed of the progress of the Claims and will make further announcements, when appropriate. Based on discussion with the Malaysian lawyer, the chance of winning is more than fair.

ii) Applicam Industries (S) Pte. Ltd. ("Applicam")

With reference to the announcements no. 00092 and no. 00193 dated 18 June 2013 and 31 October 2013, respectively, it was announced that Applicam would be under Judicial Management. According to the updates from the Judicial Manager, all Applicam assets has been sold for S\$0.40 million to an external party. However, this cash proceed was not sufficient to pay all outstanding creditors, therefore, only preferential creditors were paid a portion of their total outstanding amount. Cheong Fatt Metal Factory Pte Ltd was not a preferential creditor. Therefore, with this information, the legal claim against Applicam has been discontinued through the advice of the Group legal counsel.

Inventories amounting to S\$0.03 million pertaining to Applicam's purchase orders have been fully written down in FY2014 while full provision for doubtful debts for the total outstanding receivables of S\$0.6 million has already been provided in FY2013 financials.

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 full year ended 30 June 2014.

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 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	29,670	3,133	1,954	34,757
Segment result	2,292	(131)	97	2,258
Unallocated expenses				(1,415)
Finance costs				(62)
Profit before income tax				781
Tax expense				(381)
Profit after income tax				400

Year ended 30 June 2013

	Metal Stamping S\$'000	Tooling S\$'000	Components and parts S\$'000	Group S\$'000
Segment revenue				
Sales to external customers	31,059	5,996	5,783	42,838
Inter-segment sales	-	-	-	-
Total revenue	31,059	5,996	5,783	42,838
Segment result	(518)	(604)	244	(878)
Unallocated expenses				(1,485)
Finance costs				(81)
Loss before income tax				(2,444)
Tax expense				(851)
Loss after income tax				(3,295)

Operating segment – geographical segments

Year ended 30 June 2014

	Singapore	Malaysia	Indonesia	Slovakia	Others	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	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	9,544	13,233	1,347	5,869	2,163	(2,962)	29,194
Capital expenditure	6,568	810	-	7	66	-	7,451

Year ended 30 June 2013

	Singapore	Malaysia	Indonesia	Slovakia	Others	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Segment revenue</u>							
Sales to external customers	8,634	20,915	1,997	9,595	1,697	-	42,838
<u>Other geographical information</u>							
Segment assets	4,506	14,957	1,831	6,717	3,405	(4,341)	27,075
Capital expenditure	80	571	-	16	-	-	667

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			
	FY2014 S\$'000	FY2013 S\$'000	Changes S\$'000	%
Sales reported for the first half year	18,915	22,731	(3,816)	(16.8%)
Profit after tax before deducting non-controlling interests reported for the first half year	135	18	117	650.0%
Sales reported for second half year	15,842	20,107	(4,265)	(21.2%)
Profit/(loss) after tax before deducting non-controlling interests reported for the second half year	265	(3,313)	3,578	N.M. *

* Not Meaningful

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 S\$	Previous Full Year S\$
Ordinary Share	-	759,633

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	61	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	57	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	30	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: 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
26 August 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 statements or opinions made or reports contained in this announcement.

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