This document 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 (“SGX-ST”). The Sponsor has not independently verified the contents of this document including the correctness of any of the figures used, statements or opinions made.

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The contact person for the Sponsor is Mr Liau H.K. Telephone number: 6221 0271
CORPORATE INFORMATION

Board of Directors
Ip Kwok Wing  Executive Chairman
Janet Lim Fong Li  Chief Executive Officer
Tan Yeok Meng  Executive Director
Wong Kok Hoe  Independent Director
Bertie Cheng Shao Shiong  Independent Director
Petras Tsui Hin Chi  Independent Director

Audit Committee
Bertie Cheng Shao Shiong (Chairman)
Petras Tsui Hin Chi
Wong Kok Hoe

Remuneration Committee
Petras Tsui Hin Chi (Chairman)
Bertie Cheng Shao Shiong
Wong Kok Hoe

Nominating Committee
Wong Kok Hoe (Chairman)
Petras Tsui Hin Chi
Bertie Cheng Shao Shiong

Auditors
Baker Tilly TFW LLP
Certified Public Accountants
15 Beach Road #03-10
Beach Centre
Singapore 189677
Partner: Khor Boon Hong
(appointed since financial year ended 30 June 2011)

Company Secretary
Benny Lim Heng Chong
Chris Chong Chee Keong

Registered Office
No. 4 Ang Mo Kio Avenue 12
Singapore 569498
Tel: +65 6481 2888
Fax: +65 6481 1122

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355

Principal Bankers
United Overseas Bank Ltd
Malayan Banking Berhad
Hong Leong Finance Ltd
DBS Bank Ltd
Established since 1979, CFM has evolved into a customer-focused manufacturer providing metal stamping services, design, fabrication and the sale of tool-and-die used for the manufacture of stamped metal components. Backed by production facilities in Malaysia, Indonesia, Slovakia, China and Thailand, our Group supports a customer base of MNCs.

CFM reached an important milestone in our corporate history with the launch of our Initial Public Offering on 16 January 2004.

Today, we serve customers in the electronics industry as well as customers from the automotive, telecommunication, technology and M&E industries.

**Vision**

Our vision is to be the leading customer-focused manufacturer, offering a wide range of quality metal stamped components at cost-effective prices.

We also aim to earn recognition for our excellent customer service and value-added services.

**Mission**

We are dedicated to be strategic partners with our customers to achieve a competitive edge with a wide range of quality metal-stamped components at cost-effective prices.

We believe in being close to our key customers from understanding and translate their needs to quality products.

We also believe in continual development and improvement in engineering and manufacturing capabilities as well as in people and management skills.

Our future lies in expanding and diversifying across geographies, industries, products and skills.

At CFM, we go the extra mile for our customers and partners.
Our Global Footprint

Corporate Headquarter

CFM Holdings Limited
No. 4, Ang Mo Kio Avenue 12,
Singapore 569498
Tel: +65 6481 2888
Fax: +65 6481 1122
Email: irc@cfmholdings.com
www.cfmholdings.com

Subsidiaries

SINGAPORE
Cheong Fatt Metal Factory Pte Ltd
No. 4, Ang Mo Kio Avenue 12,
Singapore 569498

Gla lent Technology Pte Ltd
No. 4, Ang Mo Kio Avenue 12,
Singapore 569498

SLOVAK REPUBLIC
CFM Slovakia, s.r.o.
Radlinskeho 17, 052 01,
Spisska Nova Ves,
Slovak Republic

CFM Slovakia s.r.o.
100%

USA
CFM (USA) Inc.
100%

THAILAND
HTM Takahashi (Thailand) Co. Ltd.
70%

CHINA
Dalian CFM Precision Tooling Co., Ltd
Room 1-1A
No. 99, Huai He Zhong Road,
Dalian Economic Development Zone,
116600, Dalian,
People’s Republic of China

CFM Precision Tooling Sdn Bhd
99%

INDONESIA
PT Hantong Precision Manufacturing Batam
Kompel Citra Buana Centre Park 2,
Kecamatan Batu Ampar,
Batam, Indonesia

Hantong Metal Component (KL) Sdn Bhd
100%

MALAYSIA
Hantong Metal Component (Penang) Sdn. Bhd.
100%

Hantong Metal Component Sdn Bhd
Lot 1911-A Kawasan Perindustrian,
Kg Baru Balakong,
43300 Seri Kembangan,
Selangor, Malaysia

Hantong Metal Component Sdn Bhd
Lot 1911-A Kawasan Perindustrian,
Kg Baru Balakong,
43300 Seri Kembangan,
Selangor, Malaysia

Hantong Metal Component Sdn Bhd
No. 4 Jalan Haji Sa’at,
Sungai Petani,
Kedah, Malaysia

Hantong Metal Component (Penang) Sdn. Bhd.
Plot 155, Jalan Pkkn Utama,
Kawasan Perusahaan Lpk,
Taman Ria Jaya, 08000,
Sungai Petani, Kedah, Malaysia

THAILAND
HTM Takahashi (Thailand) Co. Ltd.
700/551 Moo 6,
Amata Nakorn Industrial Estate
Tambol Don Hua Roh,
Amphur Muang Chonburi
Chonburi Province 20000, Thailand

UZBEKISTAN
CFM ProEnergies LLC
“Navoi” Free Industrial -
Economic Zone, Karmana District,
210600, Republic of Uzbekistan
Dear Shareholders,

The path to recovery of the global economy has been erratic with the economies of Europe and the US floundering under the weight of massive debt. Against this challenging economic and industry backdrop, the Group managed to achieve a net profit after tax of S$0.4 million, with total revenue of S$52.3 million in FY2011.

In view of this performance and as a way of rewarding our supporting shareholders, the Group is recommending a one-tier tax exempt cash dividend of 0.70 Singapore cent per ordinary share for FY2011.

Outlook

As the global economic outlook remains uncertain, the operating business conditions in the next 12 months remains challenging for us. To minimise the impact of material cost and foreign exchange instability, the Group will adopt a prudent approach towards the execution of our business plan.

In response, the Group will reposition ourselves to streamline and consolidate its metal stamping activities as well as investing into new segment of manufacturing energy-saving LED lights in Uzbekistan. The Group is confident that through the established business support of our joint venture partner and support of the government in Uzbekistan, the Group is able to export the LED lights to neighbouring Commonwealth of Independent States and Eastern Europeans market. The Group’s aim is to be one of the leading company for manufacturing energy saving products in Uzbekistan.

In addition, the Group will continue its focus on the existing strength and competencies to better position ourselves and explore other business collaborations and opportunities to enhance long-term shareholder value.

Appreciation

On behalf of the Board of Directors, I would like to express my sincere gratitude to my fellow directors, management and staff for their valued support. I would also like to thank our shareholders, investors, business partners and customers for their confidence and support in CFM.

Ip Kwok Wing
Executive Chairman
Mr Ip Kwok Wing  
**Executive Chairman**  
Mr Ip Kwok Wing is the Executive Chairman of our Group. Together with Mdm Janet Lim Fong Li, Mr Ip was a co-founder of our Group in 1979, and was appointed as Managing Director since the incorporation of our Group.

Mr Ip is responsible for the Group’s strategic planning and development of new products and markets. He has been spearheading all the expansion and growth of our Group. He began his career in metal stamping, tool & die fabrication and has an aggregate of more than 39 years of working experience in the metal stamping and tooling industries.

Mdm Janet Lim Fong Li  
**Chief Executive Officer**  
Mdm Janet Lim Fong Li is the Chief Executive Officer ("CEO") of our Group. Assisted by the Group Finance and Individual Subsidiary key personnel, she oversees day-to-day operations, finance and general management of our Group.

Mdm Lim holds a Bachelor of Science in Business Administration (Marketing) and Master in Marketing Communication from the University of Canberra.

Mr Tan Yeok Meng  
**Executive Director**  
Mr Tan Yeok Meng is the General Manager of Hantong Metal Component (Penang) Sdn. Bhd. ("HTPG"), a wholly owned subsidiary of our Group. Mr Tan joined our Group in May 1995 and is responsible for the overall management of HTPG. Mr Tan was appointed as an Executive Director on 11 December 2003. He oversees our Group’s marketing and sales functions.

Mr Tan holds a degree in Bachelor of Science with a major in Mathematics from University Kebangsaan Malaysia. Prior to joining our Group, Mr Tan was the marketing and operations director of a metal stamping company in Malaysia from 1990 to 1994. He has accumulated 18 years of working experience in the metal stamping and tooling industries.

Mr Wong Kok Hoe  
**Independent Director**  
Mr Wong is the Group Chief Operating Officer of the Centurion Group. The Group has interests in fund management, private equity investments, property development and investments. Prior to this, he was a partner in a local advocates and solicitors firm. He has more than 18 years of experience in legal practice and his main areas of practice were corporate law, corporate finance, mergers and acquisitions and venture capital. He is also a director of the following public listed companies: Hartawan Holdings Limited, Lifebrandz Ltd., SBI Offshore Limited and Centurion Corporation Limited.

Mr Wong holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

Mr Petras Tsui Hin Chi  
**Independent Director**  
Mr Petras Tsui Hin Chi is currently the Senior Investment Officer of a Private Equity Investment Company. Previously, he was the Assistant General Manager of GP Batteries International Limited, responsible for the direction, management and oversees all aspects of finance management of the group’s activities. Mr Tsui has more than 30 years’ experience in the areas of audit, finance, accounting and administration.

Mr Tsui holds a Higher Diploma in Accountancy from the Hong Kong Polytechnic University. He is an Associate of the Hong Kong Society of Accountants and a Fellow of the Chartered Association of Certified Accountants in the United Kingdom.

Mr Bertie Cheng Shao Shiong  
**Independent Director**  
Mr Bertie Cheng Shao Shiong retired as the Chief Executive Officer of POSBank in July 1997. He is currently the Chairman of TeleChoice International Limited and Tee International Limited. He also sits on the boards of several listed and unlisted companies in Singapore.

Mr Cheng holds a Bachelor of Arts degree in Economics (Honours) from the University of Malaya in Singapore. He received the Public Administration Medal (Silver) in 1984 and the Public Service Medal in 2001. He also received the Friend of Labour Award from the National Trade Union Congress (NTUC) in 2008.
FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>S$’000</td>
<td>S$’000</td>
</tr>
<tr>
<td></td>
<td>52,301</td>
<td>53,058</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>7,190</td>
<td>8,573</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>858</td>
<td>2,630</td>
</tr>
<tr>
<td><strong>Tax expense</strong></td>
<td>(469)</td>
<td>(874)</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>389</td>
<td>1,756</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>37,397</td>
<td>40,965</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>14,312</td>
<td>17,226</td>
</tr>
</tbody>
</table>

OVERVIEW OF THE GROUP'S OPERATIONS

Our Group provides design, fabrication of tool-and-die and manufacture of metal stamping for the electronics, automotive, telecommunications and mechanical and electrical industries. Our manufacturing operations are located in China, Malaysia, Indonesia, Slovakia and Thailand. We have established operations in these countries to maintain proximity to our customers.

**Singapore and Indonesia**

Our Singapore and Indonesia operations contributed 12% of the Group’s revenue. Our Singapore operations are focused on Sales & Marketing, Research & Development, Design and Procurement activities, as well as prototyping and sheet metal fabrication.

Our Indonesia operations went through another difficult year. During the financial year under review, our Indonesia operations were in a loss-making position due to the loss of a major customer which relocated its operation. Our main priority for our Indonesia plant is to expand customer base and right-sizing the plant in the coming financial year.

**Malaysia**

During the financial year under review, our Malaysia operations registered 45% of the Group’s revenue and continued to be the major profit contributor to the Group’s overall performance in FY2011. Our Malaysia operations experienced slow order intake from customers due to disruption by the earthquake and tsunami in Japan in the last quarter of FY2011.

We had invested approximately S$0.40 million in upgrading the existing facilities of the tooling fabrication and expansion of manufacturing capacity in sheet metal operation. Our Malaysia operations will continue to focus on customer’s loyalty and attract new customers to secure steady growth in the coming year.

**Eastern Europe**

Despite the downturn of the European economy in the last quarter of FY2011, our Slovakia operations managed to contribute 25% of the Group’s revenue with the continued support of strategic customers.

We have invested S$0.50 million in machinery and equipment to increase the efficiency of the manufacturing capacity. With our continuing efforts to enlarge our customer base and improve manufacturing efficiency, our Slovakia operations are committed to be one of the major profit contributors to the Group in the coming financial year.
OPERATION AND FINANCIAL REVIEW (CONT’D)

China

During the financial year under review, we had streamlined our operation processes significantly. Accordingly, our China operations had recorded an operating profit of S$0.17 million in FY2011. Our China operations will continue exploring new business opportunities to increase revenue while containing cost and improving operation efficiency.

Thailand

In FY2011, our Thailand operations recorded a low operating profit of S$0.03 million due to escalating raw material prices and production costs.

Our Thailand operations managed to secure a new project for the automotive division which will commence production in FY2012. Looking ahead, we expect that this project will boost revenue and improve performance. The key priorities of our Thailand operations is to continue to improve the efficiency and productivity of its manufacturing operations and strengthen its working capital management.

Uzbekistan

During the financial year under review, our Uzbekistan operations incurred a pre-operating loss of S$0.04 million.

Our Uzbekistan operations are expected to commence production in the first half of FY2012 and will engage in manufacturing, sales and distribution of LED lightings and other energy saving devices for outdoor and indoor use. The product range will include household bulbs, street lamps, ceiling panel, flood lights, high bay lights and traffic lights for both the local and export markets in Commonwealth of Independent States (“CIS”) countries, Russia and European countries. Looking ahead, our Uzbekistan operation will contribute positively to the Group in the coming year.

Financial Review

The Group’s revenue decreased marginally from S$53.1 million in FY2010 to S$52.3 million in FY2011. The decrease in revenue was mainly attributed from our subsidiaries in Malaysia and Slovakia due to lower metal stamping sales especially in the second half of the financial year as a result of:

(a) the weak economy in Europe and US and customers’ orders disrupted by Japan’s earthquake; and
(b) the weakening of the foreign currencies such as United States dollar, Euro dollar and Malaysian Ringgit against the Singapore dollar which is the presentation currency of the Group.

Our gross profit decreased from S$8.6 million in FY2010 to S$7.2 million in FY2011. The decrease in gross profit was mainly due to higher raw materials and production costs such as direct labour and consumables stocks.

Other income increased from S$0.4 million in FY2010 to S$0.6 million in FY2011. The increase in other income of S$0.2 million was mainly attributed to the write off of payables in our China subsidiary.

Administrative and other expenses increased from S$5.0 million in FY2010 to S$5.6 million in FY2011. The increase was mainly attributed to:

(a) foreign exchange loss of S$0.6 million resulting from trade transactions mainly in United States dollar; and
(b) additional staff headcount in Singapore, Thailand and Malaysia subsidiaries.

The tax expense of S$0.5 million incurred in FY2011 was mainly attributable to the recognition of income tax expense arising from taxable income generated by subsidiaries in Malaysia, Singapore and Slovakia.

Overall, the Group managed to record a net profit of S$0.4 million in FY2011.
CORPORATE GOVERNANCE

The Board of Directors (the “Board”) and the management (the “Management”) of CFM Holdings Limited (the “Company”) are committed to maintaining a high standard of corporate governance to ensure greater transparency and protection of shareholders’ interests, and are pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance (the “Code”), pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) issued by the Singapore Exchange Securities Trading Limited (“SGX-ST”).

This report outlines the Company’s corporate governance processes and structure, with specific reference to the principles and guidelines of the Code. The Board and the Management will continue to uphold the highest standards of corporate governance within the Company in accordance with the Code.

(A) BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

Role of the Board

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the “Group”). Its primary role is to provide entrepreneurial leadership, set strategic aims for the Company, and protect and enhance long-term value and returns for the shareholders. It oversees the business affairs of the Group and approves the Group's strategic plans, key business initiatives, major investments and divestments proposals, and funding decisions.

Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

(a) ensure that necessary financial and human resources are in place for the Company to meet its objectives;
(b) oversee the processes of risk management, financial reporting and compliance, and evaluate the adequacy of internal controls;
(c) establish, together with the Management, the strategies and financial objectives to be implemented by the Management;
(d) review the financial performance of the Group and performance of the Management, approve the nominations of the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
(e) review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee;
(f) ensure accurate, adequate and timely reporting to, and communication with, shareholders; and
(g) assume responsibility for corporate governance.

To assist the Board in the execution of the Board’s responsibilities, certain functions of the Board have been delegated to three (3) Board committees, comprising of an Audit Committee (“AC”), a Nominating Committee (“NC”) and a Remuneration Committee (“RC”). Each of these Board committees functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. These Board committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets four (4) times a year and as warranted by particular circumstances. The Articles of Association of the Company allow Board meetings to be conducted by way of telephone conference.
The number of Board and Board committee meetings held during the financial year ended 30 June 2011, as well as the attendance of each member at these meetings, are set out below:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Board Meetings</th>
<th>Board Committee Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Audit</td>
</tr>
<tr>
<td>Ip Kwok Wing</td>
<td>5</td>
<td>*4</td>
</tr>
<tr>
<td>Janet Lim Fong Li</td>
<td>4</td>
<td>*3</td>
</tr>
<tr>
<td>Tan Yeok Meng</td>
<td>5</td>
<td>*4</td>
</tr>
<tr>
<td>Wong Kok Hoe</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Bertie Cheng Shao Shiong</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Petras Tsui Hin Chi</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total No. of Meetings Held</strong></td>
<td><strong>5</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

*By invitation

The Company has adopted internal guidelines setting forth matters which require Board approval. Matters which are specifically reserved to the full Board for decision are those involving interested person transactions (“IPTs”) (including, among others, conflict of interest issues in relation to substantial shareholders and directors of the Company), material acquisitions and disposal of companies or assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies. Each Board member makes decisions objectively in the interests of the Group.

All newly-appointed directors will be briefed on the business activities of the Group and its strategic goals, and will undergo an orientation program which includes visits to the Group’s operating facilities to gain a better understanding of the Group’s business operations and governance practices. Directors who are first-time directors, or who have no prior experience as directors of a listed company, will also undergo briefings on the roles and responsibilities as directors of a listed company.

The directors are provided with continuing education in areas such as directors’ duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, as well as changes in the relevant provisions of the Companies Act, Cap. 50, so as to update and refresh them on matters that affect or may enhance their performance as Board and Board committee members.

**Board Composition and Balance**

*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board’s decision making.*

The NC determines on an annual basis whether or not a director is independent, bearing in mind the Code’s definition of an “independent director” and guidance as to relationships the existence of which would deem a director not to be independent. In addition, in deciding whether or not a director is independent, the NC also takes into consideration whether a director has business relationships with the Company or any of its related companies, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent judgement with a view to the best interests of the Company. The NC is of the view that based on the Code’s definition of an “independent director” and guidance as to relationships, the three (3) current independent non-executive directors are independent, and no individual or small group of individuals dominates the Board’s decision-making process.

The Board presently comprises six (6) directors, three (3) of whom are independent non-executive directors. The present composition of the Board complies with the Code’s guidelines that independent directors make up at least one-third of the Board. The nature of the current directors’ appointments and membership on the Board committees is as follows:
The size and composition of the Board is reviewed annually by the NC which is of the view that the current Board size of six (6) directors, three (3) of whom are independent non-executive directors, is appropriate and facilitates effective decision-making, taking into account the nature and scope of the Company’s operations.

The NC is also satisfied that the Board comprises directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to be effective.

The independent directors discuss regularly without the presence of Management matters such as the changes that they like to see in Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings.

Chairman and Chief Executive Officer

**Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company’s business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.**

Different individuals assume the roles of the Chairman of the Board (“Executive Chairman”) and the Chief Executive Officer (“CEO”). The Executive Chairman is Mr Ip Kwok Wing.

As the Executive Chairman, Mr Ip Kwok Wing sets guidelines on and is responsible for the exercise of control over the quantity and quality, and the timeliness of the flow of information between the Management and the Board, so that the directors receive accurate, timely and clear information for them to make sound decisions. He also schedules Board meetings and oversees the preparation of the meeting agenda to enable the Board to perform its duties effectively and responsibly.

The Executive Chairman also encourages constructive relations between the Board and the Management, and between the executive directors and independent directors, as well as effective communication with shareholders. To facilitate effective contribution of directors, and in particular, the independent directors, the Executive Chairman ensures that relevant information on business initiatives, industry developments and press commentaries on matters relating to the Company or the industries in which it operates are circulated to the Board members on a continuous basis so as to enable them to be updated and thereby enhance the effectiveness of the independent directors and the Board as a whole.

The Executive Chairman takes a leading role in the Company’s drive to achieve and maintain a high standard of corporate governance with the support of the directors, the Management and the Company Secretary.

Mr Ip Kwok Wing is assisted by Mdm Janet Lim Fong Li, who assumes the role of the CEO. Mdm Janet Lim Fong Li, together with the Management comprising the general managers and key financial officers, are responsible for the day-to-day management, and implementing the strategic goals of the Group.

Although Mr Ip Kwok Wing and Mdm Janet Lim Fong Li are husband and wife, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Chairman and the CEO is independent without any influence from each other, and there is no compromise in accountability for the following reasons:
CORPORATE GOVERNANCE (CONT’D)

(a) the independent directors actively participate during Board meetings and challenge the assumptions and proposals of the Management unreservedly, both during and outside of Board meetings on pertinent issues affecting the affairs and business of the Group; and

(b) all major decisions made by the Executive Chairman and CEO of the Company are reviewed and approved by the Board.

Notwithstanding the above, the Board retains the right to review the current status as facts and circumstances change.

Board Membership

**Principle 4 : There should be a formal and transparent process for the appointment of new directors to the Board.**

The Company has established a NC to, among other things, make recommendations to the Board on all Board appointments. The NC currently comprises the following non-executive directors, all of whom are independent:

- Wong Kok Hoe - Chairman
- Bertie Cheng Shao Shiong - Member
- Petras Tsui Hin Chi - Member

*Role of the NC*

The role of the NC is to establish a formal and transparent process for the appointment of new directors and the re-appointment of directors retiring by rotation as well as to assess the effectiveness of the Board and the overall contribution of each director towards the effectiveness of the Board.

The primary functions of the NC include the following:

(a) to make recommendations to the Board on all Board appointments, including re-nominations having regard to that director’s contribution and performance;

(b) to review the independence of the directors on an annual basis;

(c) to decide whether the director is able to and has been adequately carrying out his duties as director, in particular, where a director has multiple board representations;

(d) to review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate’s track record, age, experience, capabilities and other relevant factors;

(e) to identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;

(f) to decide how the Board’s performance may be evaluated and propose objective performance criteria for the Board’s approval; and

(g) to assess the effectiveness of the Board as a whole.

The basis of the NC’s annual determination as to whether a director is or is not independent is set out on page 10 of this Annual Report.

The NC has also adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The NC determines annually whether a director with multiple board representations is
Corporate Governance (Cont’d)

able to and has been adequately carrying out his duties as a director of the Company. The NC took into account the respective director’s actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company, in making this determination, and is satisfied that all the directors having multiple board representations have been able to and have adequately carried out their duties as director.

Process for appointment of new directors

The NC has recommended, and the Board has approved, a formal process for the selection of new directors as follows:

(a) The NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(b) The Directors and the Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from the Singapore Institute of Directors, search consultants, advertisements) to source for potential candidates;

(c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and

(d) The NC makes recommendations to the Board for approval.

Criteria for appointment of new directors

All new appointments are subject to the recommendation of the NC based on, among others, the following objective criteria:

(a) Integrity;

(b) Independent mindedness;

(c) Possess core competencies which meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board;

(d) Able to commit time and effort to carry out duties and responsibilities effectively;

(e) Experience in the relevant field of business of the Company or industries in which it operates; and

(f) Financially literate.

All directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Under the Company’s existing Articles of Association, one-third of the directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting (“AGM”) of the Company. A newly appointed director must also submit himself for re-election at the AGM immediately following his appointment.

The following key information regarding directors is set out on the following pages of this Annual Report:

(a) pages 22 & 23 – Academic and professional qualifications, date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments, whether appointment is executive or non-executive, or considered by the NC to be independent; and

(b) page 27 – Shareholdings in the Company and its subsidiaries.
Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole.

The NC determines how the Board's performance may be evaluated and proposes objective performance criteria. Such performance criteria are approved by the Board and address how the Board has enhanced long-term shareholders’ value.

Evaluation process

Each Board member is required to complete a Board Assessment Checklist. Based on the returns from each of the directors, the Chairman of the NC prepares a consolidated report and thereafter presents the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Performance criteria

The performance criteria for the Board evaluation are in respect of the Board size, composition and independence, conduct of meetings, corporate strategy and planning, risk management and internal control, Board performance in relation to discharging its principal functions, Board committee performance in relation to discharging their responsibilities as set out in their respective terms of reference, achievement of financial targets which includes return on equity, improvement of performance of the Company’s share price vis-à-vis the Singapore Straits Times Index, recruitment policy, process for determining remuneration and compensation of directors and key executives, financial reporting, and communication with shareholders.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each director on whether the Board’s procedures and processes allowed him to discharge his duties effectively and the changes that should be made to enhance the effectiveness of the Board as a whole. The Board is of the view that such evaluation is sufficient and more meaningful than an assessment of each individual director's performance.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

To assist the Board in fulfilling its responsibilities, the Management provides the Board with complete and adequate information in a timely manner. As a general rule, Board papers are required to be sent to directors at least seven (7) days before the Board meeting so that the members may better understand the matters prior to the Board meeting and discussion may be focused on questions that the Board has about the Board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Key executives who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting.

The Management also provides the Board members with background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts, internal financial statements, together with explanations for any material variance between the projections and actual results in respect of its financial performance.

The directors are also provided with the names and contact details of the Company’s senior management and the Company Secretary to facilitate direct, separate and independent access to senior management and the Company Secretary.

The Company Secretary administers, attends and prepares minutes of Board proceedings. He assists the Executive Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure the timely and
good information flow to the Board and Board committees, and between senior management and the independent directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company’s memorandum and articles of association and relevant rules and regulations, including requirements of the Companies Act, Cap. 50 and the Catalist Rules of the SGX-ST. He also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholders’ value.

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Subject to the approval of the Executive Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in the discharge of their duties, at the expense of the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC currently comprises entirely independent non-executive directors as follows:

- Petras Tsui Hin Chi - Chairman
- Wong Kok Hoe - Member
- Bertie Cheng Shao Shiong - Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and senior management. The principal functions of the RC include the following:

(a) to review and recommend to the Board a framework of remuneration for the Executive Chairman, directors, and key executives of the Company. The framework will cover all aspects of remuneration, including without limitation, directors’ fees, basic salaries, allowances, bonuses, options and benefits-in-kind;

(b) to review the remuneration packages of all managerial staff who are related to any of the executive directors or CEO;

(c) in the case of directors’ service contracts, to consider what compensation or commitments the directors’ contracts of service, if any, would entail in the event of early termination;

(d) to recommend to the Board in consultation with senior management and the Executive Chairman, any long-term incentive scheme (including share schemes) and to consider the eligibility of directors for benefits under such long-term incentive schemes; and

(e) consider and make recommendations to the Board concerning the disclosure of details of the Company’s remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the directors and executives of the Company, in addition (if appropriate) to those required by law or by the Code.

The RC has access to professional advice from experts outside the Company on executive remuneration matters as and when necessary.

Each member of the RC will refrain from voting on any resolution in respect of the assessment of his remuneration. No director will be involved in determining his own remuneration.
Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of the executive directors’ remuneration should be structured so as to link rewards to corporate and individual performance.

The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders’ value.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors’ interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of independent directors to ensure that the remuneration commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of the directors. The Company will submit the quantum of directors’ fees of each year to the shareholders for approval at each AGM.

Only the executive directors have entered into service contracts with the Company, which are for a fixed appointment period and thereafter renewed annually, unless earlier terminated by either party by not less than six (6) months written notice, or payment of an amount equal to six (6) months’ salary in lieu of notice. The RC reviews what compensation commitments the executive directors’ contracts of service would entail in the event of early termination, and aims to be fair and avoid rewarding poor performance.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company’s annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Policy in respect of independent directors’ remuneration

The independent directors do not enter into service contracts with the Company. They are paid directors’ fees, the amount of which is dependent on their level of responsibilities. Each independent director is paid a basic fee and variable allowance. In addition, independent directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the AC is also paid a higher fee compared to members of that committee in view of the greater responsibilities carried by that office. The amount of directors’ fees payable to independent directors is subject to shareholders’ approval at the Company’s AGMs.

Remuneration policy in respect of executive directors and other key executives

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market and the performance of the Company and the individual employee. This allows the Company to better align executive compensation with shareholders value creation. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual employee.
Remuneration of the directors, key executives (who are not also directors) for the financial year ended 30 June 2011

The level and mix of each of the directors’ remuneration, and that of each of the key executives (who are not also directors), in bands of S$250,000 for the financial year ended 30 June 2011, are set out below:

<table>
<thead>
<tr>
<th>Remuneration Band &amp; Name of Directors</th>
<th>Base/Fixed Salary</th>
<th>Variable or Performance Related Income/ Bonuses</th>
<th>Profit Sharing</th>
<th>Directors’ Fees</th>
<th>Benefits-in-Kind</th>
<th>Share Options Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above S$500,000</td>
<td>Nil</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above S$250,000 to S$500,000</td>
<td>Ip Kwok Wing*</td>
<td>85.5%</td>
<td>5.7%</td>
<td></td>
<td>8.8%</td>
<td></td>
</tr>
<tr>
<td>S$250,000 and below</td>
<td>Janet Lim Fong Li*</td>
<td>89.4%</td>
<td>7.1%</td>
<td></td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tan Yeok Meng</td>
<td>78.4%</td>
<td>7.3%</td>
<td></td>
<td>14.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bertie Cheng Shao Shiong</td>
<td>-</td>
<td>-</td>
<td>100.0%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Petras Tsui Hin Chi</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.0%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Wong Kok Hoe</td>
<td>-</td>
<td>-</td>
<td></td>
<td>100.0%</td>
<td>-</td>
</tr>
<tr>
<td>Remuneration Band &amp; Name of Top 5 Key Executives</td>
<td>Below S$250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Thomas Soh Kee Pow</td>
<td>99.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.8%</td>
</tr>
<tr>
<td></td>
<td>Wong Lai Chueng</td>
<td>83.6%</td>
<td>-</td>
<td></td>
<td>16.4%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Too Chiang Nam</td>
<td>85.5%</td>
<td>-</td>
<td></td>
<td>14.5%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Keong Kok Yoon</td>
<td>66.5%</td>
<td>13.2%</td>
<td>11.8%</td>
<td>8.5%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Chong Tze Huei</td>
<td>86.3%</td>
<td>13.7%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Note: Ip Kwok Wing and Janet Lim Fong Li are husband and wife.

Save as disclosed above, there were no employees of the Company or its subsidiaries who were immediate family members of any director or the CEO whose remuneration exceeded S$150,000 for the financial year ended 30 June 2011. “Immediate family member” means the spouse, child, adopted child, stepchild, brother, sister or parent.

There were no share options granted by the Company since the commencement of the share option scheme.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company’s performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company’s performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required). The Management currently provides executive directors with appropriately detailed management accounts, which shows a balanced and understandable assessment of the Company’s performance, position and prospects on a monthly basis. Each quarter’s financial results are also presented to all members of the Board for their review on a quarterly basis.
CORPORATE GOVERNANCE (CONT’D)

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET to the SGX-ST, press releases, the Company's website, and public webcast and media and analyst briefings.

Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC currently comprises the following non-executive directors, all of whom are independent:

- Bertie Cheng Shao Shiong - Chairman
- Petras Tsui Hin Chi - Member
- Wong Kok Hoe - Member

Mr Bertie Cheng Shao Shiong and Mr Petras Tsui Hin Chi have accounting and related financial management expertise and experience. The Board considers Mr Wong Kok Hoe as having sufficient financial management knowledge and experience to discharge his responsibilities as a member of the AC.

The primary functions of the AC are as follows:

(a) to review the financial and operating results and accounting policies of the Group;
(b) to review the scope and results of the audit and its cost effectiveness;
(c) to review the financial statements before their submission to the Board and the external auditors' report on those financial statements;
(d) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
(e) to review the half-yearly and annual announcement of results of the Group to SGX-ST before submission to the Board for approval;
(f) to consider and review the assistance given by the Management to the auditors;
(g) to discuss with the external auditors before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
(h) to review the external audit plan and the results of the external auditors’ examination and evaluate the effectiveness of the Group’s internal control system;
(i) to review the independence and objectivity of the external auditors;
(j) to recommend the appointment or re-appointment of external auditors, and approve the terms of engagement and audit fees payable to the external auditors;
(k) to review IPTs to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules of the SGX-ST);
(l) to review the scope and the results of internal audit procedures and the evaluation of the overall internal control systems by the internal auditors;
(m) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company’s operating results and/or financial position; and
(n) to undertake such other functions and duties as may be required by law or the Catalist Rules of the SGX-ST and by such amendments made thereto from time to time.
The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In addition, the AC has independent access to the internal auditors and the external auditors, who report independently their findings and recommendations to the AC.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the Company’s half year and full year results. The AC also reviewed and approved both the Company’s internal auditors’ and external auditors’ plans to ensure that the plans covered sufficiently the terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational and compliance controls. All audit findings and recommendations put up by the internal and the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

In addition, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors, as well as reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the external auditors would not affect their independence.

The Company has implemented a “Whistle-Blower Policy” (“Policy”) which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The AC will review the Policy to ensure arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

On a quarterly basis, the Management reports to the AC findings of IPTs.

**Internal Controls**

*Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders’ investments and the company’s assets.*

The Company’s internal and external auditors conduct an annual review of the adequacy and effectiveness of the Company’s internal controls, including financial, operational and compliance controls, and risk management policies and systems established by the Management (collectively “internal control”). Any material non-compliance or failures in internal control, and recommendations for improvements, are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

During the year, the AC reviewed the effectiveness of the Company’s internal control and risk management procedures and was satisfied that the Company’s risk management processes and internal controls are adequate to meet the needs of the Company in its current business environment.

**Internal Audit**

*Principle 13: The company should establish an internal audit function that is independent of the activities it audits.*

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas.

During the year, an independent risk advisory firm, Messrs Renaudit Consulting (“the Internal Auditor”), was engaged to undertake the review of material internal controls, including financial, operational and compliance controls on a significant business unit of the Group. All findings and recommendations of the Internal Auditor were submitted to the AC for deliberation with copies of these reports extended to the CEO and the relevant senior management officers.

The AC also reviewed the adequacy of the internal audit function of the Group and was satisfied that it was adequate for the Group’s operations.
CORPORATE GOVERNANCE (CONT’D)

(D) COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Group values dialogue with shareholders. The Board is also mindful of its obligations to provide timely and fair disclosure of material information to the SGX-ST in accordance with the Corporate Disclosure Policy as set out in the Catalist Rules of the SGX-ST. The Board’s policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Material information is disclosed and communicated to shareholders in a comprehensive, accurate and timely manner through:

(a) announcements of full year and half year financial results which are published via the SGXNET;
(b) annual reports or circulars of the Company that are prepared and sent to all shareholders;
(c) notices of AGMs and extraordinary general meetings published in the newspapers; and
(d) press releases on major developments of the Group.

Shareholders are invited to attend shareholders’ meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two (2) proxies to vote on his behalf at the meeting through proxy forms sent in advance. At shareholders’ meetings, each distinct issue is proposed as a separate resolution. The Chairman of each Board committee is required to be present to address questions at AGMs. External auditors are also present at such meetings to assist the directors to address shareholders’ queries, if necessary.

The Company Secretary prepares minutes of shareholders’ meetings, which incorporates substantial comments or queries, if any, from shareholders and responses from the Board and the Management. These minutes are available to shareholders upon request. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

(E) DEALINGS IN SECURITIES

The Company has adopted its own guidelines based substantially on the provisions of Rule 1204(19) of the Catalist Rules of the SGX-ST. These internal guidelines apply to dealings in securities by certain employees (including directors and other officers) of the Group. The Company issues circulars to its directors and officers reminding them not to deal in the listed securities of the Company, for a period of one (1) month before the half year and full year results, and if they are in possession of unpublished price-sensitive information. In addition, the directors and officers of the Company are advised not to deal in the Company’s securities on short-term considerations.

(F) RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group’s business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.
CORPORATE GOVERNANCE (Cont’d)

(G) INTERESTED PERSON TRANSACTIONS

The Board has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC. All IPTs are subject to review by the AC to ensure that all such transactions are conducted at arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the SGX-ST’s Catalist Rules on Interested Person Transactions. To ensure compliance, the Company has taken the following steps:

(a) Compliance with Chapter 9 is an integral part of the credit approval process for the Company; and

(b) An annual update of directors’ personal particulars is obtained.

The following are details of the Interested Person Transaction entered into by the Company in the financial year ended 30 June 2011:

<table>
<thead>
<tr>
<th>Name of Interested Person</th>
<th>Aggregate Value of all Interested Person Transactions during FY2011 (excluding transactions less than $100,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mesme Rise Resources Sdn. Bhd.*</td>
<td>RM720,000 (approximately $292,000)**</td>
</tr>
</tbody>
</table>

* Mesme Rise Resources Sdn. Bhd. is wholly-owned by Mr Tan Yeok Meng, an Executive Director of the Company, and his wife.

** The amount of RM720,000 is the aggregate rental of factory payable by the Group over 36 months at RM20,000 per month.

Apart from the IPTs disclosed as above and on page 67 of this Annual Report, there were no other IPTs (with value more than $100,000) conducted during the financial year ended 30 June 2011.

(H) MATERIAL CONTRACTS

There were no material contracts, not being contracts entered into in the ordinary course of business, had been entered into by the Company and its subsidiaries involving the interest of the CEO, any director or controlling shareholder of the Company during the period under review.

(I) NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company’s sponsor, Asian Corporate Advisors Pte. Ltd., for the financial year ended 30 June 2011.
## Corporate Governance (Cont’d)

### Particulars of Directors Pursuant To The Code

<table>
<thead>
<tr>
<th>Name</th>
<th>Academic/ Professional Qualifications/ Affiliations</th>
<th>Board Appointment Executive/ Non-Executive/ Independent</th>
<th>Date Last Appointment</th>
<th>Date Last Re-elected</th>
<th>Directorship/ Chairmanships in other Listed Companies in Singapore (Present &amp; Held Over the Preceding Three Years) &amp; Major Appointments</th>
</tr>
</thead>
</table>
| Ip Kwok Wing      | Hong Kong Secondary School                          | Executive Chairman                                      | 28 April 2000         | 23 October 2008      | Other Listed Companies Nil  
|                   |                                                     |                                                        |                       |                      | Major Appointments Nil |
| Janet Lim Fong Li | Bachelor of Science in Business Administration  
|                   | (Marketing); Master’s Degree in Marketing Communication | Chief Executive Officer                                 | 28 April 2000         | 28 October 2010      | Other Listed Companies Nil  
|                   |                                                     |                                                        |                       |                      | Major Appointments Nil |
| Tan Yeok Meng     | Bachelor of Science with a Major in Mathematics     | Executive Director                                      | 11 December 2003      | 28 October 2010      | Other Listed Companies Nil  
|                   |                                                     |                                                        |                       |                      | Major Appointments Nil |
| Wong Kok Hoe      | Bachelor of Laws (Honours)                         | Independent Director                                    | 11 December 2003      | 21 October 2009      | Other Listed Companies  
|                   |                                                     |                                                        |                       |                      | Present:  
|                   |                                                     |                                                        |                       |                      | 1. Hartawan Holdings Limited  
|                   |                                                     |                                                        |                       |                      | 2. Lifebrandz Ltd.  
|                   |                                                     |                                                        |                       |                      | 3. SBI Offshore Limited  
|                   |                                                     |                                                        |                       |                      | 4. Centurion Corporation Limited  
|                   |                                                     |                                                        |                       |                      | Over Preceding 3 Years:  
|                   |                                                     |                                                        |                       |                      | 1. Net Pacific Financial Holdings Limited (f.k.a. K Plas Holdings Ltd)  
|                   |                                                     |                                                        |                       |                      | Major Appointments Nil |
### Corporate Governance (Cont’d)

#### Particulars of Directors Pursuant To The Code (Cont’d)

<table>
<thead>
<tr>
<th>Name</th>
<th>Academic/Professional Qualifications/ Affiliations</th>
<th>Board Appointment Executive/ Non-Executive/ Independent</th>
<th>Date Last Appointed</th>
<th>Date Last Re-elected</th>
<th>Directorship/ Chairmanships in other Listed Companies in Singapore (Present &amp; Held Over the Preceding Three Years) &amp; Major Appointments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bertie Cheng Shao Shiong</td>
<td>Bachelor of Arts Degree (B.A. Hons.) in Economics</td>
<td>Independent Director</td>
<td>11 December 2003</td>
<td>28 October 2010</td>
<td>Other Listed Companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Present:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1. Tee International Limited</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2. Hong Leong Finance Limited</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>3. Telechoice International Limited</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4. Pacific Andes Resources Development Limited</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Over Preceding 3 Years:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1. Singapore Petroleum Company Ltd</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>2. Westech Electronics Limited</td>
</tr>
<tr>
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<td></td>
<td></td>
<td><strong>Major Appointments</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1. Advisor of POSB</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2. Non-Executive Chairman of Tee International Limited</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3. Chairman of TeleChoice International Limited</td>
</tr>
<tr>
<td>Petras Tsui Hin Chi</td>
<td>Higher Diploma in Accountancy; Associate of Accountants; Chartered Association of Certified Accountants</td>
<td>Independent Director</td>
<td>11 December 2003</td>
<td>21 October 2009</td>
<td>Other Listed Companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Present:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td><strong>Over Preceding 3 Years:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1. Sun East Group Limited</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Major Appointments</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nil</td>
</tr>
</tbody>
</table>
## Corporate Governance (Cont’d)

### Appendix

**Code of Corporate Governance**

**Specific principles and guidelines for disclosure**

<table>
<thead>
<tr>
<th>Relevant Guidelines or Principles</th>
<th>Page Reference in this Annual Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guideline 1.3 Delegation of authority, by the board to any board committee, to make decisions on certain board matters</td>
<td>9 - 10</td>
</tr>
<tr>
<td>Guideline 1.4 The number of board and board committee meetings held in the year, as well as the attendance of every board member at these meetings</td>
<td>10</td>
</tr>
<tr>
<td>Guideline 1.5 The type of material transactions that require board approval under internal guidelines</td>
<td>10</td>
</tr>
<tr>
<td>Guideline 2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the director’s relationship and the reasons for considering him as independent should be disclosed</td>
<td>10</td>
</tr>
<tr>
<td>Guideline 3.1 Relationship between the Chairman and CEO where they are related to each other</td>
<td>11 - 12</td>
</tr>
<tr>
<td>Guideline 4.1 Composition of nominating committee</td>
<td>12</td>
</tr>
<tr>
<td>Guideline 4.5 Process for the selection and appointment of new directors to the board</td>
<td>13</td>
</tr>
<tr>
<td>Guideline 4.6 Key information regarding directors, which directors are executive, non-executive or considered by the nominating committee to be independent</td>
<td>11</td>
</tr>
<tr>
<td>Guideline 5.1 Process for assessing the effectiveness of the board as a whole and the contribution of each individual director to the effectiveness of the board</td>
<td>14</td>
</tr>
<tr>
<td><strong>Principle 9</strong> Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to directors and key executives, and performance</td>
<td>16</td>
</tr>
<tr>
<td>Guideline 9.1 Composition of remuneration committee</td>
<td>15</td>
</tr>
<tr>
<td>Guideline 9.2 Names and remuneration of each director. The disclosure of remuneration should be in bands of S$250,000. There will be a breakdown (in percentage terms) of each director’s remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives</td>
<td>17</td>
</tr>
</tbody>
</table>
## CORPORATE GOVERNANCE (CONT’D)

<table>
<thead>
<tr>
<th>Guideline</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.2</td>
<td>Names and remuneration of at least the top 5 key executives (who are not also directors). The disclosure should be in bands of S$250,000 and include a breakdown of remuneration</td>
<td>17</td>
</tr>
<tr>
<td>9.3</td>
<td>Remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$150,000 during the year. The disclosure should be made in bands of S$250,000 and include a breakdown of remuneration</td>
<td>17</td>
</tr>
<tr>
<td>9.4</td>
<td>Details of employee share schemes</td>
<td>17</td>
</tr>
<tr>
<td>11.8</td>
<td>Composition of audit committee and details of the committee’s activities</td>
<td>18-19</td>
</tr>
<tr>
<td>12.2</td>
<td>Adequacy of internal controls, including financial, operational and compliance controls and risk management system</td>
<td>19-20</td>
</tr>
</tbody>
</table>
Contents

Directors’ Report 27
Statement by Directors 30
Independent Auditor’s Report 31
Consolidated Statement of Comprehensive Income 32
Balance Sheets 33
Consolidated Statement of Changes in Equity 34
Consolidated Statement of Cash Flows 35
Notes to the Financial Statements 36 - 79
DIRECTORS’ REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of CFM Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the balance sheet of the Company for the financial year ended 30 June 2011.

1. Directors

The directors in office at the date of this report are:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>- Executive Chairman</th>
<th>- Chief Executive Officer</th>
<th>- Executive Director</th>
<th>- Independent Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ip Kwok Wing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Janet Lim Fong Li</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tan Yeok Meng</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wong Kok Hoe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bertie Cheng Shao Shiong</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petras Tsui Hin Chi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors’ interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related companies as recorded in the Register of Directors’ Shareholdings kept by the Company under Section 164 of the Companies Act Cap. 50 (the “Act”) except as follows:

<table>
<thead>
<tr>
<th>Number of ordinary shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holdings registered in the name of director</td>
</tr>
<tr>
<td>At beginning of the financial year</td>
</tr>
<tr>
<td>The Company</td>
</tr>
<tr>
<td>Ip Kwok Wing</td>
</tr>
<tr>
<td>Janet Lim Fong Li</td>
</tr>
<tr>
<td>Tan Yeok Meng</td>
</tr>
<tr>
<td>Holdings in which a director is deemed to have an interest</td>
</tr>
<tr>
<td>At beginning of the financial year</td>
</tr>
<tr>
<td>The Company</td>
</tr>
<tr>
<td>Ip Kwok Wing</td>
</tr>
<tr>
<td>Janet Lim Fong Li</td>
</tr>
<tr>
<td>Tan Yeok Meng</td>
</tr>
</tbody>
</table>

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2011.

Ip Kwok Wing and Janet Lim Fong Li are deemed to have interests in shares held by the other by virtue of their relationship as spouses.

By virtue of Section 7 of the Act, Ip Kwok Wing and Janet Lim Fong Li are deemed to have interests in the shares held by the Company in its subsidiaries.
4. Directors’ contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than disclosed in the consolidated financial statements and this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from related corporations in their capacity as directors and/or executives of these related corporations.

5. Options

The Company has an employee share option plan, the CFM Holdings Share Option Scheme (the “Scheme”), which was implemented in December 2003. A summary of the rules of the Scheme is set out as follows:

- Under the rules of the Scheme, Executive, Non-executive Directors and employees of the Group, who are not controlling shareholders or their respective associates (as defined in the Listing Manual), are eligible to participate in the Scheme.

- The Scheme is administered by a committee comprising Directors (the “Committee”), including Directors who may be participants of the Scheme, with powers to determine, inter alia, the following:
  
  (i) persons to be granted Options;
  
  (ii) number of Options to be offered; and
  
  (iii) recommendations for modifications to the Scheme.

- The Committee comprises three Directors, namely, Wong Kok Hoe, Petras Tsui Hin Chi and Bertie Cheng Shao Shiong. A member of the Committee who is also a participant of the Scheme must not be involved in its deliberation in respect of options granted or to be granted to him.

- The aggregate number of shares over which the Committee may grant Options on any date, when aggregated with the number of Shares issued and issuable in respect of all Options granted under the Scheme and any other share option schemes of our Company, shall not exceed fifteen per cent (15%) of the issued Shares of the Company on the day preceding the date of the relevant grant.

- The Options that are granted under the Scheme may have exercise prices that are, at the Committee’s discretion, set at a discount to a price equal to the average of the last dealt prices for the shares on the Official List of the SGX-Catalist for the five (5) consecutive market days immediately preceding the relevant date of grant of the relevant option of a Share (the “Market Price”) (subject to a maximum discount of twenty per cent (20%)), (“Incentive Option”), or fixed at the Market Price (“Market Price Option”). Options may only be exercised after the second anniversary of the date of grant of that option. All options granted under the Scheme will have a life span of ten (10) years.

- The Scheme shall continue in operation for a maximum duration of ten (10) years and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

During the financial year under review, no options were granted.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.
6. **Audit committee**

The members of the Audit Committee during the year and at the date of this report are:-

Bertie Cheng Shao Shiong - Chairman  
Petras Tsui Hin Chi  
Wong Kok Hoe

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. Their functions are detailed in the Report on Corporate Governance.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

7. **Independent auditor**

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ip Kwok Wing  
Executive Chairman

Janet Lim Fong Li  
Chief Executive Officer

3 October 2011
STATEMENT BY DIRECTORS

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 32 to 79, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Ip Kwok Wing          Janet Lim Fong Li
Executive Chairman    Chief Executive Officer

3 October 2011
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF
CFM HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of CFM Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as set out on pages 32 to 79, which comprise the balance sheets of the Group and the Company as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the “Act”) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company 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 and Company as at 30 June 2011 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFW LLP
Public Accountants and
Certified Public Accountants
Singapore

3 October 2011
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the financial year ended 30 June 2011*

<table>
<thead>
<tr>
<th>Note</th>
<th>Group</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Revenue</td>
<td>52,301</td>
<td>53,058</td>
</tr>
<tr>
<td></td>
<td>Cost of sales</td>
<td>(45,111)</td>
<td>(44,485)</td>
</tr>
<tr>
<td></td>
<td>Gross profit</td>
<td>7,190</td>
<td>8,573</td>
</tr>
<tr>
<td>4</td>
<td>Other income</td>
<td>645</td>
<td>355</td>
</tr>
<tr>
<td></td>
<td>Marketing expenses</td>
<td>(1,194)</td>
<td>(1,168)</td>
</tr>
<tr>
<td></td>
<td>Administrative and other expenses</td>
<td>(5,638)</td>
<td>(4,975)</td>
</tr>
<tr>
<td>5</td>
<td>Finance costs</td>
<td>(145)</td>
<td>(155)</td>
</tr>
<tr>
<td>6</td>
<td>Profit before tax</td>
<td>858</td>
<td>2,630</td>
</tr>
<tr>
<td>8</td>
<td>Tax expense</td>
<td>(469)</td>
<td>(874)</td>
</tr>
<tr>
<td></td>
<td>Profit for the year</td>
<td>389</td>
<td>1,756</td>
</tr>
</tbody>
</table>

**Other comprehensive loss**

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Currency translation differences</td>
<td>(538)</td>
<td>(495)</td>
</tr>
</tbody>
</table>

**Total comprehensive (loss)/income for the financial year**

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(149)</td>
<td>1,261</td>
<td></td>
</tr>
</tbody>
</table>

**Earnings per share (EPS) (expressed in cents per share)**

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic</td>
<td>0.38</td>
<td>1.60</td>
</tr>
<tr>
<td></td>
<td>Diluted</td>
<td>0.38</td>
<td>1.60</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
# Balance Sheets at 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Company 2011</th>
<th>Group 2010</th>
<th>Company 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>10</td>
<td>12,352</td>
<td>11,741</td>
<td>1</td>
</tr>
<tr>
<td>Investment properties</td>
<td>11</td>
<td>360</td>
<td>1,952</td>
<td></td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>12</td>
<td>–</td>
<td>–</td>
<td>14,884</td>
</tr>
<tr>
<td>Goodwill on consolidation</td>
<td>13</td>
<td>–</td>
<td>37</td>
<td>–</td>
</tr>
<tr>
<td>Amount due from a subsidiary</td>
<td>14</td>
<td>–</td>
<td>–</td>
<td>504</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12,712</td>
<td>13,730</td>
<td>15,389</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>15</td>
<td>305</td>
<td>302</td>
<td>–</td>
</tr>
<tr>
<td>Inventories</td>
<td>16</td>
<td>5,721</td>
<td>5,344</td>
<td>–</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>17</td>
<td>9,874</td>
<td>12,183</td>
<td>184</td>
</tr>
<tr>
<td>Other receivables</td>
<td>18</td>
<td>1,623</td>
<td>883</td>
<td>11</td>
</tr>
<tr>
<td>Amounts due from subsidiaries</td>
<td>14</td>
<td>–</td>
<td>–</td>
<td>3,855</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>19</td>
<td>7,162</td>
<td>8,523</td>
<td>1,456</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24,685</td>
<td>27,235</td>
<td>5,506</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>37,397</td>
<td>40,965</td>
<td>20,895</td>
<td>21,664</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>20</td>
<td>456</td>
<td>328</td>
<td>–</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>21</td>
<td>420</td>
<td>410</td>
<td>–</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>22</td>
<td>790</td>
<td>841</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,666</td>
<td>1,579</td>
<td>39</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>23</td>
<td>7,414</td>
<td>9,308</td>
<td>–</td>
</tr>
<tr>
<td>Other payables</td>
<td>24</td>
<td>3,263</td>
<td>4,109</td>
<td>597</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>25</td>
<td>–</td>
<td>–</td>
<td>1,930</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>20</td>
<td>319</td>
<td>419</td>
<td>–</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>21</td>
<td>1,497</td>
<td>1,500</td>
<td>–</td>
</tr>
<tr>
<td>Income tax payables</td>
<td>22</td>
<td>153</td>
<td>311</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12,646</td>
<td>15,647</td>
<td>2,607</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>14,312</td>
<td>17,226</td>
<td>2,646</td>
<td>3,642</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>23,085</td>
<td>23,739</td>
<td>18,249</td>
<td>18,022</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>26</td>
<td>21,704</td>
<td>21,704</td>
<td>21,704</td>
</tr>
<tr>
<td>Retained earnings/(accumulated losses)</td>
<td>27</td>
<td>1,874</td>
<td>2,226</td>
<td>(3,455)</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(741)</td>
<td>(211)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Equity attributable to equity holders of the Company</td>
<td></td>
<td>22,837</td>
<td>23,719</td>
<td>18,249</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>248</td>
<td>20</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>23,085</td>
<td>23,739</td>
<td>18,249</td>
<td>18,022</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

### “Attributable to equity holders of the Company”

<table>
<thead>
<tr>
<th>Group</th>
<th>Equity, total $’000</th>
<th>Equity attributable to equity holders of the Company, total $’000</th>
<th>Share capital $’000</th>
<th>Retained earnings $’000</th>
<th>Foreign currency translation reserve $’000</th>
<th>Non-controlling interests $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2010</strong></td>
<td>23,739</td>
<td>23,719</td>
<td>21,704</td>
<td>2,226</td>
<td>(211)</td>
<td>20</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>389</td>
<td>408</td>
<td>–</td>
<td>408</td>
<td>–</td>
<td>(19)</td>
</tr>
<tr>
<td><strong>Other comprehensive loss:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>(538)</td>
<td>(530)</td>
<td>–</td>
<td>–</td>
<td>(530)</td>
<td>(8)</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>(149)</td>
<td>(122)</td>
<td>–</td>
<td>408</td>
<td>(530)</td>
<td>(27)</td>
</tr>
<tr>
<td><strong>Contributions by and distributions to owners:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend on ordinary shares</td>
<td>(760)</td>
<td>(760)</td>
<td>–</td>
<td>(760)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Changes in ownership interests in subsidiaries:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution from non-controlling interests</td>
<td>255</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>255</td>
</tr>
<tr>
<td><strong>Total transactions with owners in their capacity as owners</strong></td>
<td>(505)</td>
<td>(760)</td>
<td>–</td>
<td>(760)</td>
<td>–</td>
<td>255</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>23,085</td>
<td>22,837</td>
<td>21,704</td>
<td>1,874</td>
<td>(741)</td>
<td>248</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group</th>
<th>Equity, total $’000</th>
<th>Equity attributable to equity holders of the Company, total $’000</th>
<th>Share capital $’000</th>
<th>Retained earnings $’000</th>
<th>Foreign currency translation reserve $’000</th>
<th>Non-controlling interests $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2009</strong></td>
<td>23,122</td>
<td>23,122</td>
<td>21,704</td>
<td>1,137</td>
<td>281</td>
<td>–</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,756</td>
<td>1,740</td>
<td>–</td>
<td>1,740</td>
<td>–</td>
<td>16</td>
</tr>
<tr>
<td><strong>Other comprehensive loss:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>(495)</td>
<td>(492)</td>
<td>–</td>
<td>–</td>
<td>(492)</td>
<td>(3)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>1,261</td>
<td>1,248</td>
<td>–</td>
<td>1,740</td>
<td>(492)</td>
<td>13</td>
</tr>
<tr>
<td><strong>Contributions by and distributions to owners:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend on ordinary shares</td>
<td>(651)</td>
<td>(651)</td>
<td>–</td>
<td>(651)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Changes in ownership interests in subsidiaries:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of non-controlling interests</td>
<td>7</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total transactions with owners in their capacity as owners</strong></td>
<td>(644)</td>
<td>(651)</td>
<td>–</td>
<td>(651)</td>
<td>–</td>
<td>7</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2010</strong></td>
<td>23,739</td>
<td>23,719</td>
<td>21,704</td>
<td>2,226</td>
<td>(211)</td>
<td>20</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
### Consolidated Statement of Cash Flows

**For the financial year ended 30 June 2011**

<table>
<thead>
<tr>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
</tr>
</tbody>
</table>

#### Group

<table>
<thead>
<tr>
<th><strong>Cash flows from operating activities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit before tax</strong></td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
</tr>
<tr>
<td>- <strong>Depreciation</strong></td>
</tr>
<tr>
<td>- Property, plant and equipment</td>
</tr>
<tr>
<td>- Investment properties</td>
</tr>
<tr>
<td>- <strong>Impairment loss on goodwill on consolidation</strong></td>
</tr>
<tr>
<td>- (Gain)/loss on disposal of property, plant and equipment</td>
</tr>
<tr>
<td>- <strong>Net gain on fair value changes of financial assets</strong></td>
</tr>
<tr>
<td>- Property, plant and equipment written off</td>
</tr>
<tr>
<td>- <strong>Interest expenses</strong></td>
</tr>
<tr>
<td>- <strong>Interest income</strong></td>
</tr>
<tr>
<td><strong>Operating cash flows before working capital changes</strong></td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
</tr>
<tr>
<td><strong>Receivables</strong></td>
</tr>
<tr>
<td><strong>Payables</strong></td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustments</strong></td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
</tr>
<tr>
<td><strong>Interest paid</strong></td>
</tr>
<tr>
<td><strong>Interest received</strong></td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cash flows from investing activities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase of property, plant and equipment (Note A)</strong></td>
</tr>
<tr>
<td><strong>Proceeds from disposal of property, plant and equipment</strong></td>
</tr>
<tr>
<td><strong>Acquisition of a subsidiary, net of cash acquired</strong></td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cash flows from financing activities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repayment from bank loans</strong></td>
</tr>
<tr>
<td><strong>Proceeds from banks</strong></td>
</tr>
<tr>
<td><strong>Net repayment of finance lease liabilities</strong></td>
</tr>
<tr>
<td><strong>Dividend paid to shareholders</strong></td>
</tr>
<tr>
<td><strong>Contribution from non-controlling interests</strong></td>
</tr>
<tr>
<td><strong>Fixed deposits pledged with financial institutions</strong></td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
</tr>
</tbody>
</table>

| **Net (decrease)/increase in cash and cash equivalents** | (964) | 1,111 |
| **Cash and cash equivalents at beginning of the financial year** | 6,564 | 5,297 |
| **Effect of exchange rate change on opening cash and cash equivalents** | (315) | 156 |
| **Cash and cash equivalents at end of the financial year** | 5,285 | 6,564 |

**Note A:**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,681,000 (2010: $1,731,000) of which $136,000 (2010: $316,000) was financed by means of finance leases. Cash payment of $1,545,000 (2010: $1,415,000) was made to purchase property, plant and equipment.

The accompanying notes form an integral part of these financial statements.
1. Corporate information

The Company (Co. Reg. No. 200003708R) is incorporated and domiciled in Singapore and is a public limited company listed on the SGX-Catalist.

The registered office and principal place of business of the Company is located at No. 4 Ang Mo Kio Avenue 12, Singapore 569498.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

2. Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("$") and all values are rounded to the nearest thousand ("$'000") except when otherwise indicated.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a major degree of judgements or complexity, are disclosed in Note 2(x).

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year.
2. Summary of significant accounting policies (cont’d)

(a) Basis of preparation (cont’d)

The adoption of these new/revised FRS and INT FRS has no material effect on the financial statements except for the adoption of the following revised FRS which are relevant to the Group:

(i) **FRS 103 (revised) Business Combinations**

The Group adopted the revised standard on 1 July 2010. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 are summarised as follows:

- Acquisition-related transactions costs would no longer be capitalised as part of the cost of acquisition but will be expensed in profit or loss when incurred;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 July 2010 are not adjusted.

(ii) **FRS 27 (revised) Consolidated and Separate Financial Statements**

The Group adopted the revisions to FRS 27 on 1 July 2010. Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in loss of control is accounted for as equity transactions. Such change will not have any impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interests even if the losses exceed the non-controlling interests in the subsidiary’s equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

As the changes have been implemented prospectively in accordance with the standard’s transitional provisions, the adoption of the revised standard did not require any adjustments to any amounts previously recognised in the financial statements, and there were no impact on the financial statements for the current financial year.
2. Summary of significant accounting policies (cont’d)

(a) Basis of preparation (cont’d)

At the date of balance sheet, the following FRS and INT FRS were issued, revised or amended but not effective:

- **FRS 24**: Related Party Disclosures
- **INT FRS 115**: Agreements for the Construction of Real Estate
- Amendments to FRS 12: Deferred Tax: Recovery of Underlying Assets
- Amendments to FRS 101: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 107: Disclosures - Transfers of Financial Assets
- Amendments to INT FRS 114: Prepayments of a Minimum Funding Requirement

**Improvements to FRSs 2010 project for amendments to the following FRSs:**
- FRS 1 Presentation of Financial Statements
- FRS 34 Interim Financial Reporting
- FRS 101 First-time Adoption of Financial Reporting Standards
- FRS 107 Financial Instruments: Disclosures
- INT FRS 113 Customer Loyalty Programmes

The Group anticipates that the adoption of these FRS and INT FRS (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group, except for FRS 24 Related Party Disclosures as disclosed below.

**FRS 24 (revised) Related Party Disclosures**

The revised standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person’s family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

- Revenue from sale of goods is recognised when a group entity has delivered the goods to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.
- Revenue from rendering of services is recognised during the financial year in which services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.
- Rental income from operating leases are recognised on a straight-line basis over the lease terms.
- Interest income is accrued on a time proportion basis using the effective interest method.
2. Summary of significant accounting policies (cont’d)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group’s previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary’s equity.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

When a change in the Company’s ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.
2. Summary of significant accounting policies (cont’d)

(d) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

In the Company’s separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Property, plant and equipment

(i) Cost

Property, plant and equipment are initially stated at cost and subsequent carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.
2. Summary of significant accounting policies (cont’d)

(f) Property, plant and equipment (cont’d)

(ii) Depreciation

No depreciation is provided on freehold land. Depreciation of other property, plant and equipment is calculated on a straight-line basis to write off the cost of the property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

- Freehold buildings: 20 to 50 years
- Leasehold land and building: 20 years
- Renovation: 5 to 10 years
- Office equipment: 3 to 10 years
- Machinery and equipment: 8 to 10 years
- Furniture and fittings: 3 to 10 years
- Toolings: 5 years
- Motor vehicles: 3 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(g) Investment properties

Cost model

Investment properties comprise significant portions of leasehold properties that are held for long-term rental yields and for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the lease term of 20 to 48 years.

The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal operating capacity but excluded borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.
2. Summary of significant accounting policies (cont’d)

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group’s cash management, and other short-term high liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current borrowings on the balance sheet.

(j) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

Financial assets, at fair value through profit or loss

This category has two sub-categories: “financial assets held for trading”, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group’s investment strategy. Derivatives are also categorised as “held for trading” unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within “trade and other receivables”, “amounts due from subsidiaries” and “cash and cash equivalents” on the balance sheets.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses.
2. Summary of significant accounting policies (cont’d)

(j) Financial assets (cont’d)

(iv) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

(v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the assets become uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

(k) Financial liabilities

Financial liabilities include “trade and other payables”, “amount due to subsidiaries”, “finance lease liabilities” and “interest-bearing loans and borrowings”. Financial liabilities are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(l) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management’s best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(m) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur.
2. Summary of significant accounting policies (cont’d)

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(o) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.
2. Summary of significant accounting policies (cont’d)

(p) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements of the Group and the Company are presented in Singapore dollars, which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign entities and borrowings and other currency instruments qualifying as net investment hedges for foreign operations which are included in the currency translation reserve within equity in the consolidated financial statements.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined.

(iii) Translation of Group entities’ financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group’s presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(c) All resulting exchange differences are taken to the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.
2. Summary of significant accounting policies (cont’d)

(q) Leases

When a group entity is the lessee:

(i) Finance leases

Leases of property, plant and equipment where the group entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a group entity is the lessor:

(i) Operating leases

Leases where the group entity retains substantively all the risks and rewards of ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(r) Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.
2. Summary of significant accounting policies (cont’d)

(s) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. Financial guarantee contracts are amortised to profit or loss over the period of the subsidiaries’ borrowings.

(t) Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group’s financial statements as a liability in the period in which they are approved by the Company’s shareholders.

(u) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(v) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group’s chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(x) Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.
2. Summary of significant accounting policies (cont’d)

(x) Significant accounting estimates and judgements (cont’d)

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

At 30 June 2011, the carrying amounts of property, plant and equipment, investment properties and investments in subsidiaries are disclosed in Notes 10, 11 and 12 respectively.

(ii) Depreciation of property, plant and equipment

The Group reviews the useful lives of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2(f). The estimation of the useful lives involves significant judgement. The net carrying amount of property, plant and equipment at 30 June 2011 and the annual depreciation charge for the financial year ended 30 June 2011 are disclosed in Note 10.

(iii) Write-down of inventories

Management reviews the inventory listing on a periodic basis. This review involves comparison of the carrying amount of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether a write down is required to be made in the financial statements for slow-moving items. Management is satisfied that the inventories have been written down adequately in the financial statements.

At 30 June 2011, the carrying amount of inventories of the Group after the write-down is disclosed in Note 16.

(iv) Impairment of receivables

a) Amounts due from subsidiaries

The allowance for doubtful receivables on amounts due from subsidiaries is based on management’s assessment of the recoverability. The management manages this through monitoring outstanding amounts owing and the credit period agreed between the parties.

At 30 June 2011, the amounts due from subsidiaries are disclosed in Note 14.

b) Third parties receivables

The allowance for doubtful receivables on third parties of the Group is based on the ongoing assessment of the recoverability and aging analysis of the outstanding receivables and on management’s estimate of the ultimate realisation of these receivables including creditworthiness and the past collection history of each debtor.

At 30 June 2011, the carrying amounts of the trade and other receivables of the Group and Company are disclosed in Notes 17 and 18.
2. Summary of significant accounting policies (cont’d)

(x) Significant accounting estimates and judgements (cont’d)

(v) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determined is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

At 30 June 2011, the carrying amounts of the Group’s and the Company’s current tax payables were $153,000 (2010: $311,000) and $80,000 (2010: $67,000) respectively, and deferred tax liabilities were $790,000 (2010: $841,000) and $39,000 (2010: $39,000) respectively.

3. Revenue

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Group 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Sales of metal components</td>
<td>47,099</td>
<td>47,545</td>
</tr>
<tr>
<td>Services rendered for toolings</td>
<td>5,202</td>
<td>5,513</td>
</tr>
<tr>
<td></td>
<td>52,301</td>
<td>53,058</td>
</tr>
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</table>

4. Other income

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Group 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td>Grants from Jobs Credit Scheme</td>
<td>–</td>
<td>47</td>
</tr>
<tr>
<td>Interest income</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td>Net gain on fair value changes of financial assets</td>
<td>21</td>
<td>–</td>
</tr>
<tr>
<td>Rental income</td>
<td>265</td>
<td>255</td>
</tr>
<tr>
<td>Sales of scrapped metal</td>
<td>57</td>
<td>–</td>
</tr>
<tr>
<td>Others</td>
<td>273</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>645</td>
<td>355</td>
</tr>
</tbody>
</table>

5. Finance costs

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Group 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Interest expense on finance leases</td>
<td>78</td>
<td>38</td>
</tr>
<tr>
<td>Interest expense on bank loans</td>
<td>67</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>145</td>
<td>155</td>
</tr>
</tbody>
</table>
### 6. Profit before tax

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful trade receivables (Note 17)</td>
<td>16</td>
<td>87</td>
</tr>
<tr>
<td>Allowance for doubtful trade receivables written back (Note 17)</td>
<td>(10)</td>
<td>(23)</td>
</tr>
<tr>
<td>Bad trade debts written off</td>
<td>27</td>
<td>80</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- property, plant and equipment (Note 10)</td>
<td>2,221</td>
<td>2,355</td>
</tr>
<tr>
<td>- investment properties (Note 11)</td>
<td>78</td>
<td>129</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- directors of the Company</td>
<td>68</td>
<td>65</td>
</tr>
<tr>
<td>- other director of the subsidiary</td>
<td>48</td>
<td>49</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>–</td>
<td>15</td>
</tr>
<tr>
<td>Impairment loss on goodwill on consolidation</td>
<td>37</td>
<td>–</td>
</tr>
<tr>
<td>Inventories written down (Note 16)</td>
<td>115</td>
<td>77</td>
</tr>
<tr>
<td>Inventories written back (Note 16)</td>
<td>(22)</td>
<td>(161)</td>
</tr>
<tr>
<td>Inventories written off</td>
<td>44</td>
<td>–</td>
</tr>
<tr>
<td>Loss on foreign currency exchange</td>
<td>561</td>
<td>257</td>
</tr>
<tr>
<td>Non-audit fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- auditor of the Company</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>- other auditors</td>
<td>2</td>
<td>–</td>
</tr>
<tr>
<td>Operating lease expenses</td>
<td>623</td>
<td>888</td>
</tr>
<tr>
<td>Property, plant and equipment written off</td>
<td>1</td>
<td>26</td>
</tr>
<tr>
<td>Staff costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- directors of the Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- other director of the subsidiary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- auditor of the Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- other auditors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful trade receivables (Note 17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful trade receivables written back (Note 17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad trade debts written off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- property, plant and equipment (Note 10)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- investment properties (Note 11)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Directors’ fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- directors of the Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- other director of the subsidiary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment loss on goodwill on consolidation</td>
<td></td>
<td></td>
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<tr>
<td>Inventories written down (Note 16)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories written back (Note 16)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories written off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on foreign currency exchange</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-audit fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- auditor of the Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- other auditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment written off</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 7. Staff costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and bonuses</td>
<td>7,758</td>
<td>7,118</td>
</tr>
<tr>
<td>Contributions to defined contribution plans</td>
<td>338</td>
<td>291</td>
</tr>
<tr>
<td>Other short-term benefits</td>
<td>373</td>
<td>1,385</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,469</td>
<td>8,794</td>
</tr>
</tbody>
</table>

#### Key management personnel

**Directors of the Company**

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and bonuses</td>
<td>689</td>
<td>831</td>
</tr>
<tr>
<td>Contributions to defined contribution plans</td>
<td>44</td>
<td>43</td>
</tr>
<tr>
<td>Other short-term benefits</td>
<td>38</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>771</td>
<td>894</td>
</tr>
</tbody>
</table>

**Other key management personnel**

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and bonuses</td>
<td>291</td>
<td>279</td>
</tr>
<tr>
<td>Contributions to defined contribution plans</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Other short-term benefits</td>
<td>10</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>317</td>
<td>298</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>9,557</td>
<td>9,986</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS (CONT’D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

7. Staff costs (cont’d)

Remuneration bands of directors of the Company

The following information relates to remuneration (including fees) of directors of the Company:

Number of directors of the Company in remuneration bands:

<table>
<thead>
<tr>
<th>Group</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Below $250,000</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>- $250,000 to below $500,000</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>- Above $500,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td><strong>6</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

8. Tax expense

Major components of income tax expense for the financial years ended 30 June 2011 and 2010 are:

<table>
<thead>
<tr>
<th>Group</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Current year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax</td>
<td>615</td>
<td>741</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>(17)</td>
<td>(36)</td>
</tr>
<tr>
<td></td>
<td><strong>598</strong></td>
<td><strong>705</strong></td>
</tr>
<tr>
<td>(Over)/under provision of tax in prior years:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax</td>
<td>(84)</td>
<td>168</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>(45)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>(129)</strong></td>
<td><strong>169</strong></td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>469</td>
<td>874</td>
</tr>
</tbody>
</table>

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to profit before tax due to the following factors:

<table>
<thead>
<tr>
<th></th>
<th>$’000</th>
<th>$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>858</td>
<td>2,630</td>
</tr>
<tr>
<td>Tax calculated at statutory rate of 17%</td>
<td>146</td>
<td>447</td>
</tr>
<tr>
<td>Effect of different tax rates in foreign jurisdictions</td>
<td>132</td>
<td>169</td>
</tr>
<tr>
<td>Income not subject to tax</td>
<td>(24)</td>
<td>(12)</td>
</tr>
<tr>
<td>Expenses not deductible for income tax purposes</td>
<td>398</td>
<td>110</td>
</tr>
<tr>
<td>Utilisation of investment allowances, tax losses and unabsorbed capital allowances</td>
<td>(111)</td>
<td>(31)</td>
</tr>
<tr>
<td>Tax rebates and exemptions</td>
<td>(11)</td>
<td>(10)</td>
</tr>
<tr>
<td>(Over)/under provision of tax in prior years</td>
<td>(102)</td>
<td>169</td>
</tr>
<tr>
<td>Others</td>
<td>41</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td><strong>469</strong></td>
<td><strong>874</strong></td>
</tr>
</tbody>
</table>

31
9. Earnings per share (EPS)

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company are based on the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit attributable to equity holders of the Company ($'000)</td>
<td>408</td>
<td>1,740</td>
</tr>
</tbody>
</table>

**Number of shares ('000)**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of ordinary shares on issue</td>
<td>108,519</td>
<td>108,519</td>
</tr>
</tbody>
</table>

Basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to shareholders of the Company by the number of fully-paid ordinary shares in issue during the financial year.

10. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1.7.2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>966</td>
<td>3,437</td>
</tr>
<tr>
<td>Transferred from investment property (Note 11)</td>
<td>2,400</td>
<td></td>
</tr>
<tr>
<td>Disposal/write-off</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer</td>
<td>-</td>
<td>(22)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(33)</td>
<td>78</td>
</tr>
<tr>
<td>At 30.6.2011</td>
<td>933</td>
<td>3,522</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1.7.2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transferred from investment property (Note 11)</td>
<td>910</td>
<td></td>
</tr>
<tr>
<td>Depreciation change</td>
<td>13</td>
<td>50</td>
</tr>
<tr>
<td>Disposal/write-off</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>3</td>
<td>(34)</td>
</tr>
<tr>
<td>At 30.6.2011</td>
<td>303</td>
<td>960</td>
</tr>
<tr>
<td><strong>Accumulated impairment losses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1.7.2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences</td>
<td>32</td>
<td>-</td>
</tr>
<tr>
<td>At 30.6.2011</td>
<td>797</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carrying amount</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30.6.2011</td>
<td>933</td>
<td>2,422</td>
</tr>
</tbody>
</table>

Notes to the Financial Statements (Cont’d)

For the financial year ended 30 June 2011
10. Property, plant and equipment (cont’d)

<table>
<thead>
<tr>
<th>Group</th>
<th>Freehold land</th>
<th>Freehold buildings</th>
<th>Leasehold land and building</th>
<th>Renovation</th>
<th>Office equipment</th>
<th>Machinery and equipment</th>
<th>Furniture and fittings</th>
<th>Toolings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Cost</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>At 1.7.2009</td>
<td>979</td>
<td>3,957</td>
<td>–</td>
<td>1,198</td>
<td>1,324</td>
<td>23,211</td>
<td>217</td>
<td>595</td>
<td>888</td>
<td>32,369</td>
</tr>
<tr>
<td>Acquisition of a subsidiary</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>30</td>
<td>29</td>
<td>256</td>
<td>1</td>
<td>–</td>
<td>38</td>
<td>354</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>205</td>
<td>62</td>
<td>1,229</td>
<td>17</td>
<td>–</td>
<td>218</td>
<td>1,731</td>
</tr>
<tr>
<td>Disposals/Write-off</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(69)</td>
<td>(123)</td>
<td>(232)</td>
<td>(54)</td>
<td>(3)</td>
<td>(63)</td>
<td>(544)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(13)</td>
<td>(520)</td>
<td>–</td>
<td>27</td>
<td>(41)</td>
<td>(656)</td>
<td>(1)</td>
<td>(91)</td>
<td>26</td>
<td>(1,269)</td>
</tr>
<tr>
<td>At 30.6.2010</td>
<td>966</td>
<td>3,437</td>
<td>–</td>
<td>1,391</td>
<td>1,251</td>
<td>23,808</td>
<td>180</td>
<td>501</td>
<td>1,107</td>
<td>32,641</td>
</tr>
</tbody>
</table>

Accumulated depreciation

<table>
<thead>
<tr>
<th>Group</th>
<th>Freehold land</th>
<th>Freehold buildings</th>
<th>Leasehold land and building</th>
<th>Renovation</th>
<th>Office equipment</th>
<th>Machinery and equipment</th>
<th>Furniture and fittings</th>
<th>Toolings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1.7.2009</td>
<td>–</td>
<td>309</td>
<td>–</td>
<td>631</td>
<td>1,000</td>
<td>15,309</td>
<td>168</td>
<td>519</td>
<td>601</td>
<td>18,537</td>
</tr>
<tr>
<td>Acquisition of a subsidiary</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>27</td>
<td>23</td>
<td>185</td>
<td>–</td>
<td>–</td>
<td>22</td>
<td>257</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>–</td>
<td>12</td>
<td>–</td>
<td>108</td>
<td>127</td>
<td>1,947</td>
<td>18</td>
<td>55</td>
<td>88</td>
<td>2,355</td>
</tr>
<tr>
<td>Disposals/Write-off</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(66)</td>
<td>(122)</td>
<td>(171)</td>
<td>(53)</td>
<td>(3)</td>
<td>(47)</td>
<td>(462)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>–</td>
<td>(34)</td>
<td>–</td>
<td>13</td>
<td>(40)</td>
<td>(413)</td>
<td>(2)</td>
<td>(89)</td>
<td>13</td>
<td>(552)</td>
</tr>
<tr>
<td>At 30.6.2010</td>
<td>–</td>
<td>287</td>
<td>–</td>
<td>713</td>
<td>988</td>
<td>16,857</td>
<td>131</td>
<td>482</td>
<td>677</td>
<td>20,135</td>
</tr>
</tbody>
</table>

Accumulated impairment losses

<table>
<thead>
<tr>
<th>Group</th>
<th>Freehold land</th>
<th>Freehold buildings</th>
<th>Leasehold land and building</th>
<th>Renovation</th>
<th>Office equipment</th>
<th>Machinery and equipment</th>
<th>Furniture and fittings</th>
<th>Toolings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1.7.2009</td>
<td>–</td>
<td>916</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>916</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>–</td>
<td>(151)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(151)</td>
</tr>
<tr>
<td>At 30.6.2010</td>
<td>–</td>
<td>765</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>765</td>
</tr>
</tbody>
</table>

Carrying amount

<table>
<thead>
<tr>
<th>Group</th>
<th>Freehold land</th>
<th>Freehold buildings</th>
<th>Leasehold land and building</th>
<th>Renovation</th>
<th>Office equipment</th>
<th>Machinery and equipment</th>
<th>Furniture and fittings</th>
<th>Toolings</th>
<th>Motor vehicles</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30.6.2010</td>
<td>966</td>
<td>2,385</td>
<td>–</td>
<td>678</td>
<td>263</td>
<td>6,951</td>
<td>49</td>
<td>19</td>
<td>430</td>
<td>11,741</td>
</tr>
</tbody>
</table>
## 10. Property, plant and equipment (cont’d)

<table>
<thead>
<tr>
<th>Company</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1.7.2010 and 30.6.2011</td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated depreciation</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1.7.2010</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>At 30.6.2011</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30.6.2011</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>At 1.7.2009</td>
<td>5</td>
</tr>
<tr>
<td>Additions</td>
<td>1</td>
</tr>
<tr>
<td>Write-off</td>
<td>(2)</td>
</tr>
<tr>
<td>At 30.6.2010</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated depreciation</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1.7.2009</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Write-off</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>At 30.6.2010</td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30.6.2010</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

(a) During the financial year, the Group purchased plant and equipment with an aggregate cost of $136,000 (2010: $316,000) by means of finance lease arrangements. The net carrying amounts of plant and equipment of the Group held under finance lease arrangements (Note 20) at the end of the financial year are as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>2,139</td>
<td>1,699</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>170</td>
<td>269</td>
</tr>
<tr>
<td></td>
<td>2,309</td>
<td>1,968</td>
</tr>
</tbody>
</table>
10. Property, plant and equipment (cont’d)

(b) The carrying amount of property, plant and equipment which have been charged to financial institutions for credit facilities and borrowings granted to the Group are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold land</td>
<td>690</td>
<td>733</td>
</tr>
<tr>
<td>Freehold buildings</td>
<td>512</td>
<td>556</td>
</tr>
<tr>
<td>Leasehold land and building</td>
<td>1,440</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,642</td>
<td>1,289</td>
</tr>
</tbody>
</table>

(c) Details of land and buildings of the Group are as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
<th>Tenure</th>
<th>Approximately build-up area (sqm)</th>
<th>Held by</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 4 Ang Mo Kio Avenue 12</td>
<td>Office/factory</td>
<td>Leasehold</td>
<td>2,693</td>
<td>Cheong Fatt Metal Factory Pte Ltd</td>
</tr>
<tr>
<td>Singapore 569498</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. 4, Jalan Haji Sa’at Sungai Tiram 81800 Ulu Tiram Johor Darul Takzim Malaysia</td>
<td>Office/factory</td>
<td>Freehold</td>
<td>4,905</td>
<td>Hantong Metal Component Sdn. Bhd.</td>
</tr>
<tr>
<td>Radlinskeho 17 052 01 Spisska Nova Ves Slovak Republic</td>
<td>Office/factory</td>
<td>Freehold</td>
<td>5,253</td>
<td>CFM Slovakia s.r.o.</td>
</tr>
</tbody>
</table>
11. Investment properties

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td>At 1 July</td>
<td>2,856</td>
<td>2,835</td>
<td></td>
</tr>
<tr>
<td>Transfer to property, plant and equipment (Note 10)</td>
<td>(2,400)</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(24)</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td><strong>At 30 June</strong></td>
<td>432</td>
<td>2,856</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 July</td>
<td>904</td>
<td>775</td>
<td></td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>78</td>
<td>129</td>
<td></td>
</tr>
<tr>
<td>Transfer to property, plant and equipment (Note 10)</td>
<td>(910)</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>At 30 June</strong></td>
<td>72</td>
<td>904</td>
<td></td>
</tr>
<tr>
<td><strong>Carrying amount</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June</td>
<td>360</td>
<td>1,952</td>
<td></td>
</tr>
</tbody>
</table>

Investment properties are leased to non-related parties under operating leases.

The following amounts are recognised in the statement of comprehensive income:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Rental income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct operating expenses (including depreciation) arising from investment properties that generated rental income</td>
<td>162</td>
<td>255</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>157</td>
<td>253</td>
<td></td>
</tr>
</tbody>
</table>

The fair value of the investment property at the balance sheet date amounted to $390,000 (2010: $3,414,000). The fair value is determined by independent professional valuers based on open market value basis.

As at previous balance sheet date, the net carrying amount of one of the investment properties amounted to $1,560,000 has been mortgaged to financial institutions for credit facilities and borrowings granted to the Group.

The investment property held by the Group as at 30 June 2011 is as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
<th>Tenure</th>
<th>Approximately build-up area (sqm)</th>
<th>Held by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 69/5, 69/6 Jalan 12, Kawasan Perusahaan MIEL Bakar Arang Phase V 08000 Sungai Petani Kedah Darul Aman Malaysia</td>
<td>Office/factory</td>
<td>Leasehold</td>
<td>1,068</td>
<td>Hantong Metal Component (Penang) Sdn. Bhd.</td>
</tr>
</tbody>
</table>
### 12. Investments in subsidiaries

<table>
<thead>
<tr>
<th>Company</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unquoted equity shares, at cost</td>
<td>21,123</td>
<td>21,123</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>(6,239)</td>
<td>(5,021)</td>
</tr>
<tr>
<td></td>
<td>14,884</td>
<td>16,102</td>
</tr>
</tbody>
</table>

Movements in the impairment losses are as follows:

| Balance at beginning of the financial year | 5,021 | 5,021 |
| Additional impairment                  | 1,218 | –     |
| Balance at end of the financial year    | 6,239 | 5,021 |

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Principal activities</th>
<th>Equity interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held by the Company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PT Hantong Precision Manufacturing Batam</td>
<td>Indonesia</td>
<td>Manufacturing of metal plates and metal stamping</td>
<td>100 100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheong Fatt Metal Factory Pte Ltd</td>
<td>Singapore</td>
<td>Manufacturing of metal plates and metal stamping</td>
<td>100 100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hantong Metal Component Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Manufacturing of metal plates and metal stamping</td>
<td>100 100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hantong Metal Component (KL) Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Manufacturing of metal plates and metal stamping</td>
<td>100 100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hantong Metal Component (Penang) Sdn. Bhd.</td>
<td>Malaysia</td>
<td>Manufacturing of metal plates and metal stamping</td>
<td>100 100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFM Slovakia s.r.o.</td>
<td>Slovak Republic</td>
<td>Manufacturing of metal plates and metal stamping</td>
<td>100 100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFM (USA), Inc.</td>
<td>The United States of America</td>
<td>Dormant</td>
<td>100 100</td>
</tr>
</tbody>
</table>
## 12. Investments in subsidiaries (cont’d)

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Principal activities</th>
<th>Equity interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalian CFM Precision Tooling Co., Ltd (3)</td>
<td>The People's Republic of China</td>
<td>Manufacturing and fabricating engineering tools</td>
<td>100 100</td>
</tr>
<tr>
<td>HTM Takahashi (Thailand) Company Ltd (1)</td>
<td>Thailand</td>
<td>Provide metal stamping services and the design and fabrication of tools and die</td>
<td>70 70</td>
</tr>
<tr>
<td>Held by Cheong Fatt Metal Factory Pte Ltd</td>
<td>Singapore</td>
<td>Fabrication of sheet metal component for use in the telecommunications, networking, retail and banking sector</td>
<td>90 90</td>
</tr>
<tr>
<td>CFM Precision Tooling Sdn Bhd (1)</td>
<td>Malaysia</td>
<td>Manufacture and fabrication of all types of engineering tools and precision engineering</td>
<td>99.99 99.99</td>
</tr>
<tr>
<td>CFM ProEnergies LLC (4)</td>
<td>Republic of Uzbekistan</td>
<td>Manufacturing, sales and distribution of LED lightings and other energy saving devices</td>
<td>60 –</td>
</tr>
<tr>
<td>Held by Hantong Metal Component (Penang) Sdn. Bhd.</td>
<td>Malaysia</td>
<td>–</td>
<td>– 100</td>
</tr>
</tbody>
</table>

**Notes:**

(1) Audited by independent member firms of Baker Tilly International in the respective countries.

(2) Audited by Baker Tilly TFW LLP, Singapore.

(3) Audited by Huanyu Certified Public Accountants (previously independent member firm of Baker Tilly International).

(4) Not required to be audited by law of country of incorporation.

(5) Dissolved during the year.

During the financial year, the management performed impairment tests for investments in certain subsidiaries which had been persistently making losses. Impairment loss of $1,218,000 (2010: Nil) was recognised for the current financial year to write down the investments to its recoverable amounts. The recoverable amounts have been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rates applied to the cash flow projection ranges from 7.1% to 10.4%.
13. Goodwill on consolidation

<table>
<thead>
<tr>
<th>Description</th>
<th>Group 2011 ($'000)</th>
<th>Group 2010 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of the financial year</td>
<td>37</td>
<td>–</td>
</tr>
<tr>
<td>Acquisition of a subsidiary</td>
<td>–</td>
<td>37</td>
</tr>
<tr>
<td>Written off during the year</td>
<td>(37)</td>
<td>–</td>
</tr>
<tr>
<td>At end of the financial year</td>
<td>–</td>
<td>37</td>
</tr>
</tbody>
</table>

14. Amounts due from subsidiaries

Company

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 ($'000)</th>
<th>2010 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to a subsidiary (interest at 6% per annum)</td>
<td>504</td>
<td>290</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables from subsidiaries (non-trade)</td>
<td>885</td>
<td>892</td>
</tr>
<tr>
<td>Dividend receivables from subsidiaries</td>
<td>1,034</td>
<td>1,208</td>
</tr>
<tr>
<td>Loans to subsidiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- interest at 6% per annum</td>
<td>1,483</td>
<td>1,683</td>
</tr>
<tr>
<td>- interest free</td>
<td>453</td>
<td>537</td>
</tr>
<tr>
<td></td>
<td>3,855</td>
<td>4,320</td>
</tr>
<tr>
<td>Less: Allowance for doubtful receivables</td>
<td>–</td>
<td>(816)</td>
</tr>
<tr>
<td></td>
<td>3,855</td>
<td>3,504</td>
</tr>
</tbody>
</table>

The non-trade receivables amounted to $885,000 (2010: $892,000) are unsecured, interest free and repayable on demand.

One of the loans to a subsidiary amounting to $345,000 (2010: $414,000) is repayable over 60 monthly instalments commencing April 2010, and another loan amounting to $250,000 (2010: $Nil) is repayable after 1 year from the drawn down date in April 2011. The remaining balances of the loans are repayable on demand.

For the financial year ended 30 June 2011, the Company has agreed to waive the interest charges on loans to subsidiaries of $1,824,000 (2010: $1,973,000).

Movements in allowance for doubtful receivables are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 ($'000)</th>
<th>2010 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of the financial year</td>
<td>816</td>
<td>816</td>
</tr>
<tr>
<td>Allowance written back for the financial year</td>
<td>(816)</td>
<td>–</td>
</tr>
<tr>
<td>Balance at end of the financial year</td>
<td>–</td>
<td>816</td>
</tr>
</tbody>
</table>
## 15. Financial assets at fair value through profit or loss

<table>
<thead>
<tr>
<th>Group</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td></td>
</tr>
</tbody>
</table>

| Quoted unit trusts in Malaysia | 305 | 302 |

## 16. Inventories

<table>
<thead>
<tr>
<th>Group</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td></td>
</tr>
</tbody>
</table>

| Raw materials | 2,554 | 2,562 |
| Finished goods | 2,223 | 1,642 |
| Work-in-progress | 944 | 1,140 |

| 5,721 | 5,344 |

The cost of inventories which is recognised as an expense during the year amounted to $41,730,000 (2010: $40,607,000).

Raw materials, work-in-progress and finished goods are stated at net realisable value after deducting inventories write down of $115,000 (2010: $77,000) and reversal of inventories write down of $22,000 (2010: $161,000) (Note 6) during the year.

## 17. Trade receivables

<table>
<thead>
<tr>
<th>Group</th>
<th>2011</th>
<th>2010</th>
<th>Company</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| External parties | 9,644 | 11,652 | – | – |
| Unbilled receivables | 334 | 633 | – | – |
| Subsidiaries (trade) | – | – | 184 | 209 |

| 9,978 | 12,285 | 184 | 209 |

Less: Allowance for doubtful receivables

| (104) | (102) | – | (106) |

| 9,874 | 12,183 | 184 | 103 |

Movements in allowance for doubtful receivables are as follows:

<table>
<thead>
<tr>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of the financial year</td>
<td>102</td>
<td>52</td>
<td>106</td>
</tr>
<tr>
<td>Amount written off against allowance</td>
<td>–</td>
<td>(14)</td>
<td>–</td>
</tr>
<tr>
<td>Allowance made for the financial year (Note 6)</td>
<td>16</td>
<td>87</td>
<td>–</td>
</tr>
<tr>
<td>Allowance written back (Note 6)</td>
<td>(10)</td>
<td>(23)</td>
<td>(106)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(4)</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

| Balance at end of the financial year | 104 | 102 | – | 106 |
18. Other receivables

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Group 2010</th>
<th>Company 2011</th>
<th>Company 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Deposits</td>
<td>392</td>
<td>348</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Interest receivables</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Prepayments</td>
<td>457</td>
<td>238</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Tax recoverables</td>
<td>194</td>
<td>5</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loans to staff</td>
<td>23</td>
<td>11</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Amount due from non-controlling shareholder of a subsidiary</td>
<td>135</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Sundry debtors</td>
<td>418</td>
<td>276</td>
<td>–</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,623</strong></td>
<td><strong>883</strong></td>
<td><strong>11</strong></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>

The loans to staff and amount due from non-controlling shareholder of a subsidiary are non-trade in nature, unsecured, interest free and expected to be repaid within the next 12 months after the balance sheet date.

19. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Group 2010</th>
<th>Company 2011</th>
<th>Company 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Bank and cash balances</td>
<td>5,160</td>
<td>5,041</td>
<td>180</td>
<td>295</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>2,002</td>
<td>3,482</td>
<td>1,276</td>
<td>1,347</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,162</strong></td>
<td><strong>8,523</strong></td>
<td><strong>1,456</strong></td>
<td><strong>1,642</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Group 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Bank and cash balances</td>
<td>5,160</td>
<td>5,041</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>2,002</td>
<td>3,482</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,162</strong></td>
<td><strong>8,523</strong></td>
</tr>
<tr>
<td>Fixed deposits pledged</td>
<td>(1,441)</td>
<td>(1,569)</td>
</tr>
<tr>
<td>Bank overdraft (Note 21)</td>
<td>(436)</td>
<td>(390)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,285</strong></td>
<td><strong>6,564</strong></td>
</tr>
</tbody>
</table>

Group

Fixed deposits amounting to $1,441,000 (2010: $1,569,000) are pledged with financial institutions as securities for loans and credit facilities granted to the Group.

The cash at bank and fixed deposits of the Group earned interest rates ranged from 0.1% to 3.10% (2010: 0.08% to 3.88%) per annum.
19. Cash and cash equivalents (cont’d)

Company

Fixed deposits amounting to $1,266,000 (2010: $1,347,000) are pledged with financial institutions as securities for loans and credit facilities granted to Company and subsidiaries of the Company.

The fixed deposit earns interest of 0.25% to 0.45% (2010: 0.08% to 0.76%) per annum and matures within 2 to 10 months (2010: 2 to 10 months) from the balance sheet date.

20. Finance lease liabilities

<table>
<thead>
<tr>
<th></th>
<th>Minimum lease payments</th>
<th>Present value of payments</th>
<th>Minimum lease payments</th>
<th>Present value of payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011 $'000</td>
<td>2011 $'000</td>
<td>2010 $'000</td>
<td>2010 $'000</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>360</td>
<td>319</td>
<td>462</td>
<td>419</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>487</td>
<td>456</td>
<td>362</td>
<td>328</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>847</td>
<td>775</td>
<td>824</td>
<td>747</td>
</tr>
<tr>
<td>Less: finance charges</td>
<td>(72)</td>
<td>–</td>
<td>(77)</td>
<td>–</td>
</tr>
<tr>
<td>Present value of minimum lease payments</td>
<td>775</td>
<td>775</td>
<td>747</td>
<td>747</td>
</tr>
</tbody>
</table>

Group

<table>
<thead>
<tr>
<th></th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representing finance lease liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>319</td>
<td>419</td>
</tr>
<tr>
<td>Non-current</td>
<td>456</td>
<td>328</td>
</tr>
<tr>
<td>Total</td>
<td>775</td>
<td>747</td>
</tr>
</tbody>
</table>

The net carrying amounts of plant and equipment acquired under finance lease arrangements are disclosed in Note 10(a). The interest rates ranged from 2.7% to 9.625% (2010: 3.25% to 7.74%) per annum.
21. Interest-bearing loans and borrowings

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011 $'000</td>
<td>2010 $'000</td>
</tr>
<tr>
<td></td>
<td>2011 $'000</td>
<td>2010 $'000</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft, secured (a)</td>
<td>436</td>
<td>390</td>
</tr>
<tr>
<td>Bank loan I, secured (b)</td>
<td>251</td>
<td>490</td>
</tr>
<tr>
<td>Bank loan II, secured (c)</td>
<td>173</td>
<td>–</td>
</tr>
<tr>
<td>Bank loan III, secured (d)</td>
<td>500</td>
<td>290</td>
</tr>
<tr>
<td>Bank loan IV, unsecured (e)</td>
<td>–</td>
<td>189</td>
</tr>
<tr>
<td>Bank loan V, secured (f)</td>
<td>–</td>
<td>20</td>
</tr>
<tr>
<td>Bankers’ acceptances, secured (g)</td>
<td>91</td>
<td>62</td>
</tr>
<tr>
<td>Trust receipts, secured (h)</td>
<td>46</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,497</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loan I, secured (b)</td>
<td>159</td>
<td>410</td>
</tr>
<tr>
<td>Bank loan II, secured (c)</td>
<td>261</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>420</td>
<td>410</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,917</td>
<td>1,910</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>189</td>
</tr>
</tbody>
</table>

Details of the interest-bearing loans and borrowings are as follows:

(a) Bank overdraft bears interest at 6.50% (2010: 7.15%) per annum. It is secured by a corporate guarantee and fixed deposit of $570,000 (2010: $627,000) by the Company.

(b) Bank loan I bears interest at 4.50% (2010: 4.50%) per annum and is repayable in 120 monthly instalments commencing July 2005. It is secured by a mortgage over the leasehold land and building of a subsidiary with a net carrying amount of $1,440,000 (2010: investment property with a net carrying amount of $1,560,000) and a corporate guarantee by the Company.

(c) Bank loan II bears interest at 4.60% per annum and is repayable in 60 monthly instalments commencing May 2011. This loan is secured by a director's personal guarantee.

(d) Bank loan III bears interest at 1.60% (2010: 2.00%) per annum with initial maturity being 12 months from the facility agreement date of 13 October 2008. The loan has been extended until 20 March 2012. It is secured by fixed deposit of $509,000 (2010: $508,000) by the Company.

(e) In 2010, bank loan IV bore interest at 2.42% per annum and was repayable in 60 monthly instalments commencing March 2006.

(f) In 2010, bank loan V bore interest at 7.30% per annum with the last instalment payable in September 2010. It was secured by a first legal charge over the freehold land and building of a subsidiary with a net carrying amount of $388,000 and a corporate guarantee by the Company.

(g) Bankers’ acceptances bear interest at 3.29% to 3.43% (2010: 2.81%) per annum and are secured by a first and legal charge over the subsidiary’s freehold land and building with a net carrying amount of $365,000 (2010: $388,000) and a corporate guarantee by the Company. The bankers’ acceptances mature in July 2011.
21. Interest-bearing loans and borrowings (cont’d)

(h) Trust receipts bears interest at 6.00% (2010: 5.15%). Under the terms of trust receipts agreement, certain imported inventories have been released to a subsidiary in trust of the financial institution. The subsidiary is accountable to the financial institution for the inventories charged or their sales proceeds.

22. Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax liabilities are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>2010</th>
<th>Company 2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning</td>
<td>$841</td>
<td>$957</td>
<td>$39</td>
<td>$39</td>
</tr>
<tr>
<td>of the financial year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit to profit or</td>
<td>(62)</td>
<td>(35)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>loss</td>
<td>(81)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>(81)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at end of the</td>
<td>$790</td>
<td>841</td>
<td>$39</td>
<td>$39</td>
</tr>
<tr>
<td>financial year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net deferred tax liabilities as at 30 June relate to the following:

<table>
<thead>
<tr>
<th></th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of tax written down value over net carrying amount of property, plant and equipment</td>
<td>803</td>
<td>710</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other temporary differences</td>
<td>(13)</td>
<td>131</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>790</td>
<td>841</td>
<td>39</td>
<td>39</td>
</tr>
</tbody>
</table>
23. Trade payables

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Company 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>External parties</td>
<td>7,312</td>
<td>–</td>
</tr>
<tr>
<td>Advance payments</td>
<td>102</td>
<td>–</td>
</tr>
<tr>
<td>Advance billings to customers (trade)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>7,414</td>
<td>9,308</td>
</tr>
</tbody>
</table>

24. Other payables

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Company 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry creditors</td>
<td>922</td>
<td>1,026</td>
</tr>
<tr>
<td>Accrued operating expenses</td>
<td>2,171</td>
<td>2,893</td>
</tr>
<tr>
<td>Amounts due to directors</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Accrual for directors’ fee</td>
<td>68</td>
<td>65</td>
</tr>
<tr>
<td>Amounts due to non-controlling shareholders of subsidiaries</td>
<td>37</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>3,263</td>
<td>4,109</td>
</tr>
</tbody>
</table>

The amounts due to directors are non-trade in nature, unsecured, interest free and expected to be repaid within the next 12 months after the balance sheet date.

The amounts due to non-controlling shareholders of subsidiaries are non-trade in nature, unsecured, interest free and expected to be repaid within the next 12 months after the balance sheet date.

25. Amounts due to subsidiaries

Company

The amounts are non-trade in nature, unsecured and expected to be repaid within the next 12 months after the balance sheet date. The amounts include $1,745,000 (2010: $2,425,000) which bears interest rate of 5.00% (2010: 5.00% to 6.00%) per annum and the remaining amount of $185,000 (2010: $195,000) is interest free.

26. Share capital

<table>
<thead>
<tr>
<th></th>
<th>Group and Company 2011</th>
<th>Company 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued and fully paid up capital</td>
<td>108,518,995 ordinary shares with no par value</td>
<td>21,704</td>
</tr>
</tbody>
</table>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.
### 27. Accumulated losses

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Balance at beginning of the financial year</td>
<td>(3,682)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>987</td>
</tr>
<tr>
<td>Dividend paid on ordinary shares (Note 28)</td>
<td>(760)</td>
</tr>
<tr>
<td>Balance at end of the financial year</td>
<td>(3,455)</td>
</tr>
</tbody>
</table>

### 28. Dividend

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>One-tier tax exempt final dividend of 0.70 (2010: 0.60) cent per ordinary share in respect of financial year ended 30 June 2010 (2010: 30 June 2009)</td>
<td>760</td>
</tr>
</tbody>
</table>

**Group and Company**

In respect of the financial year ended 30 June 2011, the directors proposed a one-tier tax exempt final dividend of 0.70 cent per ordinary share amounting to $760,000. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

### 29. Commitments

1. **Capital commitments**

   Capital commitments not provided for in the financial statements:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Capital commitments in respect of property, plant and equipment</td>
<td>37</td>
</tr>
</tbody>
</table>

2. **Operating lease commitment**

   **As lessee:**

   The Group has various operating lease agreement for equipment, offices and other facilities. Most leases contained renewable options. Lease terms do not contain restrictions on the Group’s activities concerning dividends, additional debt or further leasing. Future minimum leases payments for the remaining terms of one year or more are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>801</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>1,078</td>
</tr>
<tr>
<td></td>
<td>1,879</td>
</tr>
</tbody>
</table>
29. Commitments (cont’d)

(ii) Operating lease commitment (cont’d)

As lessor:

The future minimum lease amounts receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables:

<table>
<thead>
<tr>
<th></th>
<th>2011 $’000</th>
<th>2010 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>144</td>
<td>133</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>153</strong></td>
<td><strong>133</strong></td>
</tr>
</tbody>
</table>

The leases have varying terms and renewal rights.

(iii) Other commitment - Company

As at 30 June 2011, the Company has provided continuing financial support of $1,736,000 (2010: $2,587,000) to certain subsidiaries in net current liabilities position.

30. Contingent liabilities

<table>
<thead>
<tr>
<th>Company</th>
<th>2011 $’000</th>
<th>2010 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate guarantees provided by the Company to its subsidiaries for banking facilities</td>
<td>1,437</td>
<td>1,662</td>
</tr>
</tbody>
</table>

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results and the accumulated losses of the Company and therefore not recognised for the financial year ended 30 June 2011 and 30 June 2010.

31. Related party transactions

Other than as disclosed elsewhere in the financial statements, the following significant related party transactions took place between the Group and related party during the financial year on terms agreed by the parties concerned:

<table>
<thead>
<tr>
<th>Group</th>
<th>2011 $’000</th>
<th>2010 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental expense to a company in which a director has significant interest</td>
<td>73</td>
<td>–</td>
</tr>
</tbody>
</table>

32. Segment information

For management purposes, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products in the respective markets. The Group has two reportable operating segments as follows:

i) Metal stamping – manufacturing of metal plates and metal stamping; and

ii) Tooling – manufacturing and fabricating engineering tools and die.

Another area of Group’s business comprises investment holding which does not constitute a separate reportable segment.
### 32. Segment information (cont’d)

The segment information provided to management for the reportable segments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Metal Stamping</th>
<th>Tooling</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011 ($’000)</td>
<td>2010 ($’000)</td>
<td>2011 ($’000)</td>
</tr>
<tr>
<td><strong>Segment revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sales to external</td>
<td>47,099</td>
<td>47,545</td>
<td>5,202</td>
</tr>
<tr>
<td><strong>Segment result</strong></td>
<td>1,555</td>
<td>3,449</td>
<td>1,015</td>
</tr>
<tr>
<td><strong>Unallocated expenses</strong></td>
<td>(1,567)</td>
<td>(1,524)</td>
<td></td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(145)</td>
<td>(155)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>858</td>
<td>2,630</td>
<td></td>
</tr>
<tr>
<td><strong>Tax expense</strong></td>
<td>(469)</td>
<td>(874)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>389</td>
<td>1,756</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Metal Stamping</th>
<th>Tooling</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011 ($’000)</td>
<td>2010 ($’000)</td>
<td>2011 ($’000)</td>
</tr>
<tr>
<td><strong>Group assets and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Segment assets</strong></td>
<td>34,016</td>
<td>37,969</td>
<td>1,536</td>
</tr>
<tr>
<td><strong>Unallocated assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>34,016</td>
<td>37,969</td>
<td>1,536</td>
</tr>
<tr>
<td><strong>Segment liabilities</strong></td>
<td>12,576</td>
<td>14,780</td>
<td>956</td>
</tr>
<tr>
<td><strong>Unallocated liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>12,576</td>
<td>14,780</td>
<td>956</td>
</tr>
</tbody>
</table>

| **Other segment information** |              |          |              |              |              |              |
| Capital expenditure      | 1,227         | 1,264    | 454          | 467          | 1,681        | 1,731        |
| Depreciation of property, plant and equipment | 2,185         | 2,253    | 36           | 102          | 2,221        | 2,355        |
| Depreciation of investment properties | 70            | 79       | 8            | 50           | 78           | 129          |
32. Segment information (cont’d)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements. Corporate and finance expenses are not allocated to segments as these are managed on a group basis.

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than corporate assets which are classified as unallocated assets.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than corporate liabilities which are classified as unallocated liabilities.

Geographical segments

The revenue and non-current assets by geographical segments are based on the entity’s country of domicile.
### 32. Segment information (cont’d)

**Geographical information**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales to external</strong></td>
<td>3,804 $'000</td>
<td>2,942 $'000</td>
<td>23,493 $'000</td>
<td>24,163 $'000</td>
<td>2,623 $'000</td>
<td>2,924 $'000</td>
<td>13,293 $'000</td>
<td>15,875 $'000</td>
<td>9,088 $'000</td>
<td>7,154 $'000</td>
<td>–</td>
<td>–</td>
<td>52,301 $'000</td>
<td>53,058 $'000</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>3,685 $'000</td>
<td>4,295 $'000</td>
<td>4,291 $'000</td>
<td>4,761 $'000</td>
<td>3,877 $'000</td>
<td>3,710 $'000</td>
<td>772 $'000</td>
<td>553 $'000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>12,712 $'000</td>
<td>13,693 $'000</td>
</tr>
<tr>
<td>Other geographical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>information:</td>
<td>23 $'000</td>
<td>240 $'000</td>
<td>601 $'000</td>
<td>1,019 $'000</td>
<td>42 $'000</td>
<td>72 $'000</td>
<td>555 $'000</td>
<td>21 $'000</td>
<td>460 $'000</td>
<td>379 $'000</td>
<td>–</td>
<td>–</td>
<td>1,681 $'000</td>
<td>1,731 $'000</td>
</tr>
</tbody>
</table>

*Others comprise The People’s Republic of China and Thailand.

Revenue of approximately $13,232,000 (2010: $15,189,000) are derived from two external customers with revenue more than 10% of the Group’s revenue.
### 33. Financial instruments

**a) Categories of financial instruments**

The financial instruments as at balance sheet date are:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Financial assets</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>305</td>
<td>302</td>
</tr>
<tr>
<td>Loans and receivables (including cash and cash equivalents)</td>
<td>18,008</td>
<td>21,346</td>
</tr>
<tr>
<td></td>
<td>18,313</td>
<td>21,648</td>
</tr>
</tbody>
</table>

**Financial liabilities**

At amortised costs

|                                | 13,007 | 15,357 | 2,527 | 3,536 |

**b) Financial risk management**

The Group, in its normal course of business, is exposed to credit risk, interest rate risk, foreign currency risk, price risk and liquidity and cash flow risk. The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risk.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures financial risks.

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial asset presented on the balance sheets, except for corporate guarantees from the Company given to financial institutions for banking facilities extended to subsidiaries of $1,437,000 (2010: $1,662,000) as disclosed in Note 30.

The Group’s and the Company’s major classes of financial assets are cash and cash equivalents and trade receivables.
33. Financial instruments (cont’d)

b) Financial risk management (cont’d)

Credit risk (cont’d)

The credit risk for trade receivables and amounts due from subsidiaries based on the information provided to key management is as follows:

<table>
<thead>
<tr>
<th>By geographical areas</th>
<th>Group 2011</th>
<th>Company 2011</th>
<th>Group 2010</th>
<th>Company 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>538</td>
<td>177</td>
<td>976</td>
<td>344</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3,762</td>
<td>1,667</td>
<td>5,417</td>
<td>1,566</td>
</tr>
<tr>
<td>Indonesia</td>
<td>135</td>
<td>664</td>
<td>217</td>
<td>879</td>
</tr>
<tr>
<td>Europe</td>
<td>2,024</td>
<td>–</td>
<td>2,372</td>
<td>85</td>
</tr>
<tr>
<td>Others</td>
<td>3,415</td>
<td>2,035</td>
<td>3,201</td>
<td>1,023</td>
</tr>
<tr>
<td></td>
<td><strong>9,874</strong></td>
<td><strong>4,543</strong></td>
<td><strong>12,183</strong></td>
<td><strong>3,897</strong></td>
</tr>
</tbody>
</table>

By types of customers

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Company 2011</th>
<th>Group 2010</th>
<th>Company 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiaries</td>
<td>–</td>
<td>4,543</td>
<td>–</td>
<td>3,897</td>
</tr>
<tr>
<td>Non-related parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Multi-national companies</td>
<td>5,965</td>
<td>–</td>
<td>8,145</td>
<td>–</td>
</tr>
<tr>
<td>- Other companies</td>
<td>3,509</td>
<td>–</td>
<td>3,288</td>
<td>–</td>
</tr>
<tr>
<td>- Individuals</td>
<td>400</td>
<td>–</td>
<td>750</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td><strong>9,874</strong></td>
<td><strong>4,543</strong></td>
<td><strong>12,183</strong></td>
<td><strong>3,897</strong></td>
</tr>
</tbody>
</table>

The analysis of the trade receivables and amounts due from subsidiaries are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th>Company 2011</th>
<th>Group 2010</th>
<th>Company 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neither past due nor impaired</td>
<td>7,000</td>
<td>1,112</td>
<td>5,771</td>
<td>1,311</td>
</tr>
<tr>
<td>Past due but not impaired</td>
<td>2,874</td>
<td>3,431</td>
<td>6,412</td>
<td>2,586</td>
</tr>
<tr>
<td>Past due and impaired</td>
<td>104</td>
<td>–</td>
<td>102</td>
<td>922</td>
</tr>
<tr>
<td>Gross trade receivables</td>
<td><strong>9,978</strong></td>
<td><strong>4,543</strong></td>
<td><strong>12,285</strong></td>
<td><strong>4,819</strong></td>
</tr>
<tr>
<td>Less: allowance for doubtful receivables</td>
<td>(104)</td>
<td>–</td>
<td>(102)</td>
<td>(922)</td>
</tr>
<tr>
<td></td>
<td><strong>9,874</strong></td>
<td><strong>4,543</strong></td>
<td><strong>12,183</strong></td>
<td><strong>3,897</strong></td>
</tr>
</tbody>
</table>

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

Other receivables of the Group and Company as disclosed in Note 18 are neither past due nor impaired.


33. Financial instruments (cont’d)

b) Financial risk management (cont’d)

Credit risk (cont’d)

(ii) Financial assets that are past due but not impaired

The age analysis of the receivables that are past due but not impaired is as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>2011 $’000</th>
<th>2010 $’000</th>
<th>Company</th>
<th>2011 $’000</th>
<th>2010 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past due 0-3 months</td>
<td>2,375</td>
<td>5,311</td>
<td>292</td>
<td>148</td>
<td></td>
</tr>
<tr>
<td>Past due 3-6 months</td>
<td>362</td>
<td>560</td>
<td>286</td>
<td>451</td>
<td></td>
</tr>
<tr>
<td>Past due over 6 months</td>
<td>137</td>
<td>541</td>
<td>2,853</td>
<td>1,987</td>
<td></td>
</tr>
</tbody>
</table>

Total | 2,874 | 6,412 | 3,431 | 2,586 |

(iii) Financial assets that are past due and impaired

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

At the balance sheet date, the Group has provided for impairment of $104,000 (2010: $102,000) from its trade receivables. In 2010, the Company has provided for impairment of $922,000 on amounts due from a subsidiary.

Interest rate risk

The Group’s policy is to obtain the most favourable interest rates available without increasing its interest rate risk exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 30 June 2011, there were no such arrangements, interest rate swap contracts or other derivative instruments that were outstanding.

The following table sets out the carrying amount, by maturity of the Group’s and the Company’s financial instruments that are exposed to interest rate risk:

<table>
<thead>
<tr>
<th>Group</th>
<th>2011 $’000</th>
<th>2010 $’000</th>
<th>Company</th>
<th>2011 $’000</th>
<th>2010 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to subsidiaries</td>
<td>–</td>
<td>–</td>
<td>1,483</td>
<td>1,683</td>
<td></td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>(751)</td>
<td>(842)</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>(319)</td>
<td>(419)</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Amount due to a subsidiary</td>
<td>–</td>
<td>–</td>
<td>(1,745)</td>
<td>(2,425)</td>
<td></td>
</tr>
<tr>
<td>Within one year-fixed rates</td>
<td>(746)</td>
<td>(658)</td>
<td>–</td>
<td>(189)</td>
<td></td>
</tr>
<tr>
<td>More than one year-fixed rates</td>
<td>(158)</td>
<td>(410)</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>(456)</td>
<td>(328)</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>More than one year-floating rates</td>
<td>(262)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
</tbody>
</table>
33. Financial instruments (cont’d)

b) Financial risk management (cont’d)

Interest rate risk (cont’d)

Interests on financial instruments subject to floating interest rates are repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and Company that are not included in the above table are not subject to interest rate risks.

Sensitivity analysis on interest rate risk

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the possible change in interest rates. If the interest rates increase/decrease by 100 (2010: 100) basis point with all other variables being held constant, the effect arising from the net result of the Group and Company are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group Profit after tax</th>
<th>Company Loss after tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Interest rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Increase</td>
<td>(10)</td>
<td>(6)</td>
</tr>
<tr>
<td>- Decrease</td>
<td>10</td>
<td>6</td>
</tr>
</tbody>
</table>

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United States Dollar (“USD”), Thai Baht (“THB”), Euro (“EUR”), Sterling Pound (“GBP”) and Malaysian Ringgit (“MYR”). The Group and Company uses forward exchange contract to hedge 2.1% and 10.4% (2010: Nil) of the Group and Company’s cash and cash equivalents denominated in USD respectively at the balance sheet date.

The Group’s significant foreign currency exposure is as follows:

<table>
<thead>
<tr>
<th></th>
<th>SGD $’000</th>
<th>USD $’000</th>
<th>THB $’000</th>
<th>EUR $’000</th>
<th>GBP $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 30 June 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other</td>
<td>2</td>
<td>2,674</td>
<td>–</td>
<td>–</td>
<td>12</td>
<td>2,688</td>
</tr>
<tr>
<td>receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash</td>
<td>118</td>
<td>1,200</td>
<td>–</td>
<td>1</td>
<td>–</td>
<td>1,319</td>
</tr>
<tr>
<td>equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>120</td>
<td>3,874</td>
<td>–</td>
<td>12</td>
<td>12</td>
<td>4,007</td>
</tr>
</tbody>
</table>

| Financial liabilities |           |           |           |           |           |             |
| Trade and other     | 57        | 1,435     | –         | 51        | 26        | 1,569       |
| payables             |           |           |           |           |           |             |
| **Net currency exposure** | 63        | 2,439     | –         | (50)      | (14)      | 2,438       |
33. Financial instruments (cont’d)

b) Financial risk management (cont’d)

Foreign currency risk (cont’d)

<table>
<thead>
<tr>
<th></th>
<th>SGD</th>
<th>USD</th>
<th>THB</th>
<th>EUR</th>
<th>GBP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘000</td>
<td>‘000</td>
<td>‘000</td>
<td>‘000</td>
<td>‘000</td>
<td>‘000</td>
</tr>
<tr>
<td>At 30 June 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>–</td>
<td>1,588</td>
<td>–</td>
<td>–</td>
<td>107</td>
<td>1,695</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>32</td>
<td>2,576</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2,608</td>
</tr>
<tr>
<td></td>
<td>32</td>
<td>4,164</td>
<td>–</td>
<td>–</td>
<td>107</td>
<td>4,303</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>517</td>
<td>1,167</td>
<td>77</td>
<td>110</td>
<td>15</td>
<td>1,886</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>–</td>
<td>189</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>189</td>
</tr>
<tr>
<td></td>
<td>517</td>
<td>1,356</td>
<td>77</td>
<td>110</td>
<td>15</td>
<td>2,075</td>
</tr>
<tr>
<td>Net currency exposure</td>
<td>(485)</td>
<td>2,808</td>
<td>(77)</td>
<td>(110)</td>
<td>92</td>
<td>2,228</td>
</tr>
</tbody>
</table>

The Company’s significant foreign currency exposure is as follows:

<table>
<thead>
<tr>
<th></th>
<th>MYR</th>
<th>THB</th>
<th>USD</th>
<th>EUR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘000</td>
<td>‘000</td>
<td>‘000</td>
<td>‘000</td>
<td>‘000</td>
</tr>
<tr>
<td>At 30 June 2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>944</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>944</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>–</td>
<td>–</td>
<td>592</td>
<td>–</td>
<td>592</td>
</tr>
<tr>
<td>Amounts due from subsidiaries</td>
<td>–</td>
<td>770</td>
<td>1,253</td>
<td>–</td>
<td>2,023</td>
</tr>
<tr>
<td></td>
<td>944</td>
<td>770</td>
<td>1,845</td>
<td>–</td>
<td>3,559</td>
</tr>
</tbody>
</table>

At 30 June 2010

Financial assets
Trade and other receivables | 967  | –    | 4    | –    | 971   |
Cash and cash equivalents | –    | –    | 1,005| –    | 1,005 |
Amounts due from subsidiaries | –    | 534  | 796  | 85   | 1,415 |
|                           | 967  | 534  | 1,805| 85   | 3,391 |
33. Financial instruments (cont’d)

b) Financial risk management (cont’d)

Sensitivity analysis on foreign currency risk

The following table demonstrates the sensitivity to a 10% change in USD, MYR and THB against the respective Group entities’ functional currencies at balance sheet, with all other variables held constant, of the Group’s profit after tax and the Company’s loss after tax. 10% is used in sensitivity analysis for reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign currency rates. The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group’s profit after tax is not significant.

<table>
<thead>
<tr>
<th></th>
<th>Group Increase/(decrease) in profit after tax</th>
<th>Company Increase/(decrease) in loss after tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>USD</td>
<td>Increase</td>
<td>Increase</td>
</tr>
<tr>
<td>- strengthen</td>
<td>202</td>
<td>(78)</td>
</tr>
<tr>
<td>- weaken</td>
<td>(202)</td>
<td>78</td>
</tr>
<tr>
<td>MYR</td>
<td>- strengthen</td>
<td>(64)</td>
</tr>
<tr>
<td></td>
<td>- weaken</td>
<td>64</td>
</tr>
<tr>
<td>THB</td>
<td>- strengthen</td>
<td>(153)</td>
</tr>
<tr>
<td></td>
<td>- weaken</td>
<td>153</td>
</tr>
</tbody>
</table>

Price risk

Market price risk is the risk that the fair value or future cash flows of the Group’s financial instruments will fluctuate because of changes in market prices (other than interest rate and exchange rate). The Group is exposed to price risk arising from its investment in quoted unit trusts classified as financial assets at fair value through profit or loss. This investment is quoted in Malaysia. Financial assets at fair value through profit or loss are held for investment rather than trading purposes.

Further details of this investment are disclosed in Note 15.
33. Financial instruments (cont’d)

b) Financial risk management (cont’d)

Liquidity and cash flow risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group’s and the Company’s exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group’s and the Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage the liquidity risk by maintaining a level of cash and cash equivalents to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group’s and the Company’s financial liabilities at the balance sheet date based on contractual undiscounted payments.

<table>
<thead>
<tr>
<th></th>
<th>2011 Repayable</th>
<th></th>
<th></th>
<th>2010 Repayable</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>on demand</td>
<td>1 to 5</td>
<td>Total</td>
<td>or within 1</td>
<td>1 to 5</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>7,312</td>
<td>–</td>
<td>7,312</td>
<td>8,965</td>
<td>–</td>
<td>8,965</td>
</tr>
<tr>
<td>Other payables</td>
<td>3,002</td>
<td>–</td>
<td>3,002</td>
<td>3,735</td>
<td>–</td>
<td>3,735</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>1,521</td>
<td>466</td>
<td>1,987</td>
<td>1,746</td>
<td>425</td>
<td>2,171</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>360</td>
<td>487</td>
<td>847</td>
<td>462</td>
<td>362</td>
<td>824</td>
</tr>
<tr>
<td></td>
<td>12,195</td>
<td>953</td>
<td>13,148</td>
<td>14,908</td>
<td>787</td>
<td>15,695</td>
</tr>
<tr>
<td>Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>597</td>
<td>–</td>
<td>597</td>
<td>727</td>
<td>–</td>
<td>727</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>1,930</td>
<td>–</td>
<td>1,930</td>
<td>2,620</td>
<td>–</td>
<td>2,620</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>196</td>
<td>–</td>
<td>196</td>
</tr>
<tr>
<td></td>
<td>2,527</td>
<td>–</td>
<td>2,527</td>
<td>3,543</td>
<td>–</td>
<td>3,543</td>
</tr>
</tbody>
</table>
34. Fair values of financial assets and financial liabilities

(a) Fair value of financial instruments that are carried at fair value

The following table presents the level of fair value hierarchy for each class of financial instruments measured at fair value on the balance sheet:

<table>
<thead>
<tr>
<th>Quoted prices in active market for identical instruments (Level 1)</th>
<th>Significant other observable inputs (Level 2)</th>
<th>Significant unobservable inputs (Level 3)</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets: Financial assets at fair value through profit or loss (Note 15)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Quoted unit trusts</td>
<td>$305</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

iii) Level 3 - Inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Determination of fair value

The fair value of the financial assets at fair value through profit or loss is based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, short-term loans and borrowings and finance lease liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of long-term loans and borrowings and finance lease liabilities approximate their fair values as these financial instruments bear market interest rates.
35. Capital management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt which includes the borrowings (Note 21), cash and cash equivalents (Note 19) and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated profits. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2011 and 30 June 2010.

36. Subsequent event

Subsequent to the balance sheet date, the Company acquired additional 30% equity interest in its subsidiary, HTM Takahashi (Thailand) Company Ltd from the minority shareholder for a consideration of THB2.4 million (approximately $101,000).

37. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors dated 3 October 2011.
STATISTICS OF SHAREHOLDINGS
AS AT 19 SEPTEMBER 2011

Issued and Paid-Up Capital: S$21,703,799
Total No. of Shares: 108,518,995
Class of Shares: Ordinary Shares
Voting Rights: One vote per Share

Distribution of Shareholdings

<table>
<thead>
<tr>
<th>Size of Shareholdings</th>
<th>No. of Shareholders</th>
<th>%</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 999</td>
<td>2</td>
<td>0.38</td>
<td>117</td>
<td>0.00</td>
</tr>
<tr>
<td>1,000 - 10,000</td>
<td>262</td>
<td>50.58</td>
<td>1,184,000</td>
<td>1.09</td>
</tr>
<tr>
<td>10,001 - 1,000,000</td>
<td>248</td>
<td>47.88</td>
<td>21,297,113</td>
<td>19.63</td>
</tr>
<tr>
<td>1,000,001 and above</td>
<td>6</td>
<td>1.16</td>
<td>86,037,765</td>
<td>79.28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>518</strong></td>
<td><strong>100.00</strong></td>
<td><strong>108,518,995</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Substantial Shareholders
As shown in the Register of Substantial Shareholders:

<table>
<thead>
<tr>
<th>Number of Ordinary Shares</th>
<th>Direct Interests</th>
<th>Deemed interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ip Kwok Wing</td>
<td>40,018,085</td>
<td>33,169,850</td>
</tr>
<tr>
<td>Janet Lim Fong Li</td>
<td>33,169,850</td>
<td>40,018,085</td>
</tr>
<tr>
<td>Tan Yeok Meng</td>
<td>6,546,830</td>
<td>-</td>
</tr>
</tbody>
</table>

Note:
Mr Ip Kwok Wing and Mdm Janet Lim Fong Li are deemed interested in shares held by the other by virtue of their relationship as spouses.

Twenty Largest Shareholders

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ip Kwok Wing</td>
<td>40,018,085</td>
<td>36.88</td>
</tr>
<tr>
<td>2</td>
<td>Janet Lim Fong Li</td>
<td>33,169,850</td>
<td>30.57</td>
</tr>
<tr>
<td>3</td>
<td>Tan Yeok Meng</td>
<td>6,546,830</td>
<td>6.03</td>
</tr>
<tr>
<td>4</td>
<td>Kim Eng Securities Pte. Ltd.</td>
<td>3,024,000</td>
<td>2.79</td>
</tr>
<tr>
<td>5</td>
<td>Chan Tin Jor</td>
<td>2,151,000</td>
<td>1.98</td>
</tr>
<tr>
<td>6</td>
<td>Lim Hoe Kok</td>
<td>1,128,000</td>
<td>1.04</td>
</tr>
<tr>
<td>7</td>
<td>CIMB Securities (Singapore) Pte Ltd</td>
<td>861,000</td>
<td>0.79</td>
</tr>
<tr>
<td>8</td>
<td>Lim Chye Huat @ Bobby Lim Chye Huat</td>
<td>737,000</td>
<td>0.68</td>
</tr>
<tr>
<td>9</td>
<td>Koh Gim Hoe</td>
<td>722,000</td>
<td>0.67</td>
</tr>
<tr>
<td>10</td>
<td>United Overseas Bank Nominees Pte Ltd</td>
<td>662,000</td>
<td>0.61</td>
</tr>
<tr>
<td>11</td>
<td>Lee Puay Keng</td>
<td>640,000</td>
<td>0.59</td>
</tr>
<tr>
<td>12</td>
<td>Ong Hwee Joo Sheena</td>
<td>620,000</td>
<td>0.57</td>
</tr>
<tr>
<td>13</td>
<td>Ang Hao Yao (Hong Haoyao)</td>
<td>588,000</td>
<td>0.54</td>
</tr>
<tr>
<td>14</td>
<td>Loo Wai Hoong Mrs Ang Wai Hoong</td>
<td>550,000</td>
<td>0.51</td>
</tr>
<tr>
<td>15</td>
<td>Toe Ah Kew</td>
<td>532,000</td>
<td>0.49</td>
</tr>
<tr>
<td>16</td>
<td>Tham Chee Hong</td>
<td>500,000</td>
<td>0.46</td>
</tr>
<tr>
<td>17</td>
<td>DMG &amp; Partners Securities Pte Ltd</td>
<td>420,000</td>
<td>0.39</td>
</tr>
<tr>
<td>18</td>
<td>Chee Kwai Fun (Zhu Guifen)</td>
<td>400,000</td>
<td>0.37</td>
</tr>
<tr>
<td>19</td>
<td>UOB Kay Hian Pte Ltd</td>
<td>383,000</td>
<td>0.35</td>
</tr>
<tr>
<td>20</td>
<td>Tan Kian Chuan (Chen Jianzhuan)</td>
<td>380,000</td>
<td>0.35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>94,032,765</strong></td>
<td><strong>86.66</strong></td>
</tr>
</tbody>
</table>

Based on the information available to the Company as at 19 September 2011, approximately 26.52% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited.

The Company has no treasury shares as at 19 September 2011.
NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

CFM HOLDINGS LIMITED
(Registration No. 200003708R)

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of CFM Holdings Limited (the “Company”) will be held at The Grassroots’ Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Monday, 31 October 2011 at 3.00 p.m. for the following purposes:

As Ordinary Business

   (Resolution 1)
2. To declare a one-tier tax exempt final dividend of 0.70 Singapore cent per ordinary share for the financial year ended 30 June 2011.
   (Resolution 2)
3. To re-elect the following Directors retiring by rotation pursuant to Article 115 of the Articles of Association of the Company and who, being eligible, will offer themselves for re-election:
   - Mr Ip Kwok Wing
   - Mr Wong Kok Hoe [Please see Explanatory Note (i)]
   (Resolution 3)
   (Resolution 4)
4. To re-appoint Mr Bertie Cheng Shao Shiong as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the conclusion of this Annual General Meeting until the next annual general meeting. [Please see Explanatory Note (ii)]
   (Resolution 5)
5. To approve the payment of Directors’ fees of S$67,900 for the financial year ended 30 June 2011 (2010: S$65,000).
   (Resolution 6)
6. To re-appoint Messrs Baker Tilly TFW LLP as the Company’s Auditors, and to authorise the Directors to fix their remuneration.
   (Resolution 7)
7. To transact any other ordinary business that may properly be transacted at an annual general meeting.

As Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors to:

(a) (i) issue shares in the capital of the Company, whether by way of rights, bonus or otherwise; and/or
   (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

8
Notice of the Eleventh Annual General Meeting (Cont’d)

(b) (notwithstanding the authority conferred by this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force, provided that:

1. the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

2. (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution, provided the options or awards were granted in compliance with Part VII of Chapter 8 of the Catalist Rules of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

3. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

4. (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[Please see Explanatory Note (iii)]

(Resolution 8)

9. ISSUE OF SHARES AT A DISCOUNT

That subject to and pursuant to the share issue mandate in Ordinary Resolution No. 8 above being obtained, authority be and is hereby given to the Directors of the Company to issue new shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the share issue mandate) other than on a pro-rata basis at an issue price per share as the Directors of the Company may in their absolute discretion deem fit provided that such price shall not represent a discount of more than ten per cent (10%) to the weighted average price per share, determined in accordance with the requirements of the SGX-ST, and unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 9)
10. CFM HOLDINGS SHARE OPTION SCHEME

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the CFM Holdings Share Option Scheme (the “Scheme”) and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and provided also that, subject to such adjustment as may be made to the Scheme as a result of any variation in the capital structure of the Company.

[Please see Explanatory Note (iv)]

(Resolution 10)

BY ORDER OF THE BOARD

BENNY LIM HENG CHONG
CHRIS CHONG CHEE KEONG
Joint Company Secretaries

Singapore, 14 October 2011

Explanatory Notes:

(i) Mr Wong Kok Hoe, upon re-election as a Director of the Company, will remain as the Chairman of the Nominating Committee, and as a member of the Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

(ii) Mr Bertie Cheng Shao Shiong, upon re-appointment as a Director of the Company, will remain as the Chairman of the Audit Committee, and as a member of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

(iii) The Ordinary Resolution 8, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per cent (50%) of the issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company. For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) The Ordinary Resolution 10, if passed, will authorise the Directors of the Company to offer and grant options in accordance with the provisions of the Scheme and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue shares under the Scheme up to an amount not exceeding fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (CONT’D)

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend in his/her stead. A proxy need not be a member of the Company.

2. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 4 Ang Mo Kio Avenue 12, Singapore 569498, not less than 48 hours before the time appointed for the Annual General Meeting.

4. This notice 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 SGX-ST. The Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr Liau H.K. Telephone number: 6221 0271
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CFM HOLDINGS LIMITED  
(Registration No. 200003708R)

PROXY FORM - ELEVENTH ANNUAL GENERAL MEETING

I/We, __________________________ (Name)
of __________________________ (Address)
being a member/members of CFM HOLDINGS LIMITED (the “Company”), hereby appoint:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>NRIC or Passport No.</th>
<th>Percentage of Shareholdings (%)</th>
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<tbody>
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and/or failing him/her (delete as appropriate)

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
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or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Eleventh Annual General Meeting (“AGM”) of the Company to be held at The Grassroots’ Club, 190 Ang Mo Kio Avenue 8, Singapore 568046, on Monday, 31 October 2011 at 3.00 p.m. and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the notice of AGM in accordance with my/our directions as indicated with an “x” in the appropriate space below. Where no such direction is given, the proxy may vote or abstain from voting on any matter at the AGM or at any adjournment thereof.

<table>
<thead>
<tr>
<th>No.</th>
<th>ORDINARY BUSINESS</th>
<th>For</th>
<th>Against</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>To receive and adopt the Directors’ Report and the Audited Accounts for the financial year ended 30 June 2011, together with the Independent Auditor’s Report thereon. (Resolution 1)</td>
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<td>2.</td>
<td>To declare a one-tier tax exempt final dividend of 0.70 Singapore cent per ordinary share for the financial year ended 30 June 2011. (Resolution 2)</td>
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<td>3.</td>
<td>To re-elect Mr Ip Kwok Wing pursuant to Article 115 of the Company’s Articles of Association. (Resolution 3)</td>
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<td>4.</td>
<td>To re-elect Mr Wong Kok Hoe pursuant to Article 115 of the Company’s Articles of Association. (Resolution 4)</td>
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<td>5.</td>
<td>To re-appoint Mr Bertie Cheng Shao Shiong pursuant to Section 153(6) of the Companies Act, Cap. 50. (Resolution 5)</td>
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</tr>
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<td>6.</td>
<td>To approve the payment of Directors’ Fees of S$67,900. (Resolution 6)</td>
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<td>7.</td>
<td>To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company, and to authorise the Directors to fix their remuneration. (Resolution 7)</td>
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<tr>
<td>8.</td>
<td>Any other ordinary business.</td>
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SPECIAL BUSINESS

As Ordinary Resolutions

9. To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50 and the Catalist Rules of the SGX-ST. (Resolution 8) |     |         |

10. To authorise the Directors to allot and issue shares other than on a pro-rata basis at a discount not exceeding 10%. (Resolution 9) |     |         |

11. To authorise the Directors to offer and grant options and issue shares in accordance with the provisions of the CFM Holdings Share Option Scheme. (Resolution 10) |     |         |

Dated this ______ day of 2011

Signature(s) of member(s)
Or Common Seal of Corporate Shareholder

Total Number of Shares held in:
CDP Register
Register of Members
Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at No. 4 Ang Mo Kio Avenue 12, Singapore 569498, not less than 48 hours before the time set for the AGM.

4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor or by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy and proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.