Asiatic Group

ASIATIC GROUP (HOLDINGS) LIMITED

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cre8
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ASIATIC GROUP (HOLDINGS) LIMITED

ANNUAL REPORT 2019

Asiatic Group

ASIATIC GROUP (HOLDINGS) LIMITED

Developing a Steady Momentum

Annual Report 2019

About Asiatic Group

We are an engineering management specialist playing a pivotal role in the development of two key sectors:

- ENERGY
- FIRE PROTECTION SOLUTIONS

ENERGY

We provide Planning and Development services and participate as an Equity Investor in niche power plant projects in the region. We operate as an EPC (engineering, procurement and construction) and O&M (Operation and Maintenance) contractor.

ASIATIC FIRE SYSTEM PTE LTD

FIRE PROTECTION SOLUTIONS

We provide total Fire Protection Solutions such as systems and product design, supply, installation and commissioning for the maintenance of fire protection equipment and systems.

We manufacture most of our fire extinguishers and assemble most of our fire fighting products such as hose reels, hydrants, alarm systems and emergency lighting, under our brand name KILLFIRE.

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Proxy Form

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

Message to Shareholders

Tay Kah Chye
Independent Chairman

Tan Boon Kheng
Managing Director

DEAR SHAREHOLDERS

The financial year ended 31 March 2019 ("FY2019") was a period marked by the rigours of a more challenging operating environment. Amidst this difficult period, the Group has remained undeterred and has been reviewing, refining and reforming to adapt to challenging conditions.

BUSINESS AND FINANCIAL REVIEW

The Group's revenue saw a slight year-on-year dip of 1.0%, largely due to a muted marine, oil and gas sector which dampened sales at our fire-fighting and protection division. Meanwhile, revenue registered at our power related division, which comprises the larger portion of our operations, remained relatively level. Led by a rapidly booming construction sector, the Cambodian economy grew a robust 7.3%(1) in 2018, providing a much-welcomed uplift to electricity demand in the nation, where three of our power plants are sited.

While the Group's revenue remained fairly stable, the Group's profitability was more adversely affected. Setbacks arising from an earlier-than-scheduled overhaul of a power plant turbine, as well as a write-off of construction in progress and accrued deemed interest on payables relating to the Maju Intan Biomass power plant project (MJE) hampered the share of results of associates. Furthermore, adoption of Singapore Financial Reporting Standards (International) 9 ("SFRS(I) 9") on the Group's financial instruments also resulted in a fair value loss of S$3.1 million on convertible bonds. A further impairment of S$9.8 million was also recorded in relation to trade receivables and advances due from associates.

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(1) https://www.khmertimeskh.com/50569205/economy-grew-7-3-pct-in-2018-ministry/

Additionally, an impairment of cost of investment in MJE amounting to S$2.6 million and a further S$1.1 million from provision of withholding tax in Cambodia also raised our other operating expenses.

Due to a combination of the above factors, a loss after tax of S$20.0 million was recorded in FY2019, as compared to a profit after tax of S$1.4 million in FY2018.

STRIVING TOWARDS BETTER VALUE

In spite of these developments, the Board maintains its firm stance in taking the necessary measures to unlock our ability to deliver long-term value.

Following extensive evaluation, the Group proceeded with the difficult but imperative decision to dispose of its 30% stake in Kemaman Biomass Power (M) Sdn. Bhd. in March 2019. While the investment was previously in line with the Group's objectives and approach, this proposed business to develop a biomass power plant in Terengganu has not come to fruition since the start of the Group's investment into the Associate Company in 2010. The disposal has since freed up more resources to be reallocated for the Group to better tackle its present challenges.

Over in Cambodia, we have also secured an amendment agreement to our power purchase agreement ("PPA") with state-owned company Electricite Du Cambodge ("EDC"), for our two 10-megawatt (MW) power plants in Cambodia. While extending the PPA period for the sale of electricity to April 2022, the minimum amount of electricity purchased by EDC will be reduced from 65% to 60% of the contracted capacity. Meanwhile, MJE is also in negotiations with the Malaysian authorities to extend the tenure of MJE through the Renewable Energy Power Purchase agreement, as well as more favourable tariffs.

ON THE HORIZON

Demand for electricity in Cambodia is slated to continue to rise steadily in the long term, with government projections forecasting power consumption of up to 18,000 GWh(2) in 2030, a more than threefold increase compared to demand in 2015(3). While this bodes well for our three Cambodian fossil fuel power plants, the Cambodian authorities have also placed emphasis on the diversification of electricity supply to include local renewable options such as solar. The Group is closely monitoring for new risks and opportunities as the industry continues to develop and expand past its relatively nascent stages.

Meanwhile, in spite of the upcoming launches of the Jurong Port tank terminals and Tuas Mega Port further on the horizon, the outlook for the Singapore marine, oil and gas sector appears afflicted with uncertainties, following volatile oil prices and intense competition. In light of this, we anticipate that the performance of the fire-fighting and protection division will still be subjected to protracted challenges in the period ahead.

(2) https://www.adb.org/sites/default/files/institutional-document/479941/cambodia-energy-assessment-road-map.pdf

(3) http://www.eria.org/RPR_FY2015_08.pdf

Message to Shareholders

CHANGES TO THE BOARD

I would like to extend a warm welcome to Mr Chia Soon Hin William, who joins us as a Non-Executive and Independent Director. We look forward to working closely with him in steering the Group.

As part of the good corporate governance practice of Board renewal, Mr Lee Fang Wen has decided not to put up for re-election to the Board of the Company. The Board wishes to express its deepest appreciation to Mr Lee Fang Wen for his years of dedicated service to the Company.

ACKNOWLEDGEMENTS

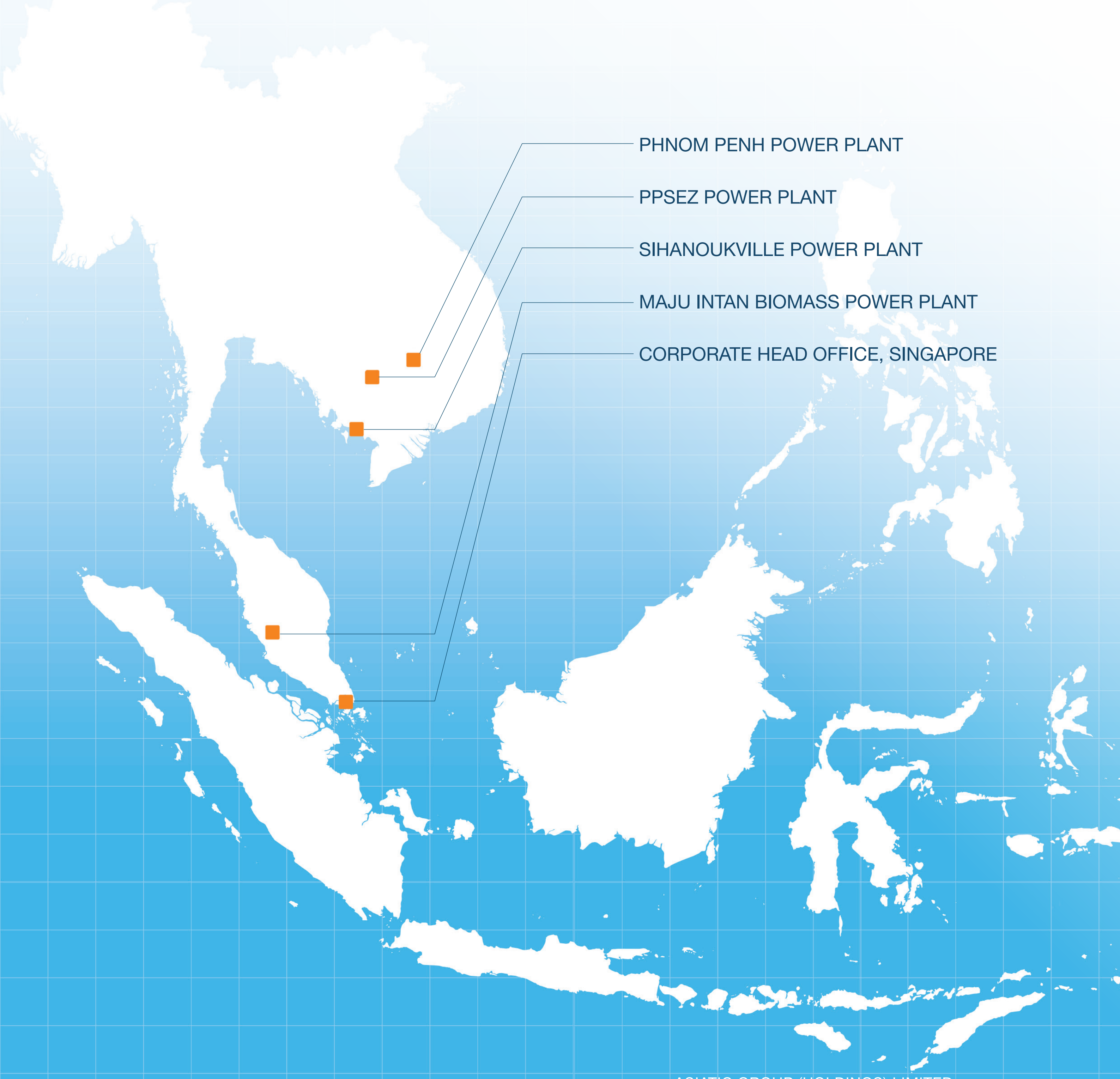
On behalf of the board, we would like to express our sincere appreciation for our business partners, management, staff and shareholders for their unwavering support and immense contributions over the years. We look forward to working together with you for a productive year ahead.

TAY KAH CHYE
Independent Chairman

TAN BOON KHENG
Managing Director

Our Investments

With four operating power stations, Asiatic stands as an eminent key player in the regional power business. In line with the increasing global recognition of sustainable energy sources, we will continuously upgrade our power stations to optimise operating efficiencies. We have also engaged in preliminary studies to explore the possibilities of harnessing other alternative sustainable energy sources as we look towards charting our long-term growth.


PHNOM PENH POWER PLANT
PPSEZ POWER PLANT
SIHANOUKVILLE POWER PLANT
MAJU INTAN BIOMASS POWER PLANT
CORPORATE HEAD OFFICE, SINGAPORE

Energy

Our energy business is a service provider for industry and communities, supporting industrialization. Envisioning the future of "green" power, our investments into sustainable energy businesses in emerging markets will expand gradually.

Phnom Penh Power Plant

Located in Phnom Penh, Cambodia. A Build, Own and Operate investment since 2007, this 10MW fossil fuel power plant has been providing electricity to the national grid.

PPSEZ Power Plant

Located in the Phnom Penh Special Economic Zone, Cambodia. A Build, Own and Operate investment since 2008, this fossil fuel power plant consists of three 6.5 MW generator sets providing electricity to the industrial factories and facilities inside the Industrial Park.

Sihanoukville Power Plant

Located in Sihanoukville, Cambodia. A Build, Own and Operate plant since 2007, this fossil fuel power plant investment with capacity of producing 10 MW of electricity has been providing electricity to the national grid.

MAJU INTAN BIOMASS POWER PLANT

Located in Teluk Intan Perak, Malaysia, this 12.5 MW Build, Own and Operate Biomass Power Plant utilizes 100% biomass waste material called Empty Fruit Bunches (EFB), a waste material after extraction of palm oil by Palm Millers.

Fire Protection
Solutions

Asiatic Fire protection business unit has developed into a specialised fire fighting manufacturer and experienced service station. It handles products that are technologically advanced and most importantly, competitively priced in this sensitive market. It is recognised by local and international statutory boards such as Lloyd's Register, Det Norsk Veritas, Singapore Civil Defence Force, American Bureau of Shipping, Italian Rina and the United States of America Department of Transport (US-DOT).

KILLFIRE
ASIATIC GROUP (HOLDINGS) LTD
Group Of Companies
ASIATIC FIRE SYSTEM PTE LTD
COLBEN SYSTEM PTE LTD
PROJECT OFFICE
CO₂
FS 49 C2
FIRE EXTINGUISHER
FOAM

In FY2019, the Group's revenue dipped slightly by 1.0% year-on-year, from S$38.1 million in FY2018 to S$37.7 million in FY2019. The fire-fighting and protection business division registered S$14.6 million in revenue, a decrease of S$0.4 million from the S$15.0 million recorded in FY2018. Meanwhile, revenue from the power related business division remained level at S$23.1 million.

PROFITABILITY

In line with higher power generation at our plants, the power related division saw higher cost of sales. In contrast, the fire-fighting and protection division's softer performance resulted in lower cost of sales in line with a more muted marine, oil and gas sector for FY2019.

An increase in other income was mainly contributed by sales of fuel in Cambodia to state-owned Electricite Du Cambodge ("EDC"). Depreciation of property, plant and equipment also increased due to adjustments of depreciation as a result of reduction in the residual value of power plant assets in Cambodia. Performance in the associates declined, with share of losses incurred by associates caused by setbacks in relation to an earlier-than-scheduled overhauling of a turbine, a write-off of construction in progress and accrued deemed interest on payables to holding company in the Maju Intan Biomass Energy Sdn Bhd's ("MJE") power plant.

With the adoption of SFRS(I) 9, assessments made on the Group's financial instruments resulted in a fair value loss of S$3.1 million on convertible bonds, an impairment of S$0.1 million on the trade receivables of Asiatic Fire System Pte Ltd and an impairment of S$9.8 million in relation to the trade receivables and advances due from associates. Other operating expenses has also increased due to the impairment of net investment in an associate, MJE which amounted to S$2.6 million and S$1.1 million from provision of withholding tax in Cambodia. Meanwhile, finance costs remained mostly consistent at S$0.8 million.

Due to a combination of the above factors, a loss after tax of S$20.0 million was recorded in FY2019, as compared to a profit after tax of S$1.4 million in FY2018.

MOVEMENT IN COMPREHENSIVE INCOME

A foreign currency translation gain on Cambodia operations amounting to S$1.3 million (FY2018: S$2.5 million translation loss) was recorded, mainly due to the strengthening of the US dollar against the Singapore dollar as at the end of FY2019. The gain was directly accounted for in the statement of changes in equity under translation reserve.

BALANCE SHEET

As at 31 March 2019, non-current assets decreased due to (i) a decrease in investment in associates arising from the S$2.6 million impairment of net investment in an associate and a S$2.4 million share of loss from associates, (ii) S$9.8 million impairment of amount due from an associate, MJE, offset by an increase in receivables from MJE of S$2.7 million (iii) S$3.1 million fair value loss of convertible bonds held and (iv) depreciation of property, plant & equipment ("PPE") of S$2.6 million, which was offset by a S$2.2 million gain in translating the Cambodian's PPE from USD to SGD.

An increase in inventories was due to slower-than-anticipated demand from the fire-fighting and protection segment, and an increase from receivables contributed by an increase of power business receivables of S$2.2 million was due to higher power demand from EDC towards the end of FY2019. This was, in turn, offset by a decrease of S$0.5 million from the fire-fighting and protection segment's receivables from tighter collection measures. The decrease in other receivables had resulted from a reduction of prepaid tax that had been recognised in Malaysia.

The increase of trade payables was mainly due to the increased trade purchases to accommodate the higher power demand from EDC and increase of other payable arising from a provision of withholding tax in Cambodia. However, these increases were mitigated by a decrease of loans and borrowing resulted by the redemption of the Group's non-convertible bond by S$1.6 million and a net repayment of bank loans and trust receipts amounting to S$1.5 million.

Non-current liabilities decreased mainly due to a reduction of the long term portion of the bank loan as it became current as at 31 March 2019.

As at 31 March 2019, the Group had a net current liabilities position arising from the utilisation of short-term financing on the Group's energy projects in Cambodia and Malaysia, as well as the reclassification arising from the deferment of amount due from associate, Maju Intan Biomass Energy Sdn Bhd, in FY2018. Such reclassification arose as the amount due from MJE is not expected to be repaid within the next 12 months. The Group has been closely monitoring the Maju Intan plant performance and MJE is currently in negotiations to restructure existing loans to improve its liquidity position. Following the restructuring of existing loans of MJE, the Group would be able to reduce the assistance in the financing of MJE, therefore there will be more cash available to the Group to be utilised for its working capital. In addition, subsequent to FY2019, the Group has successfully rolled over more than S$19.3 million out of S$22.6 million of short term loans, and is confident and will seek to roll over more short term loans to enable the Group to fulfil its debt obligations as and when it falls due. A substantial portion of the term loans has been secured by the Group's power plant assets and factory building and the Group was in a net asset position of S$47.9 million as at 31 March 2019.

Based on the foregoing, the Board believes that the Group will be able to operate as a going concern and is of the view that the Group's working capital is sufficient to meet its present requirements and for the next twelve months.

CASH FLOW

During FY2019, net cash generated from operating activities were used to support working capital requirement and the payment of interest and tax. Net cash flow used in investing activities was utilised to purchase property, plant and equipment. The Group recorded a net cash inflow from its financing activities arising from the issuance of shares and proceeds from shareholder loan, offset by (i) the redemption of the non-convertible bonds and (ii) the repayment of interest-bearing term loans. Overall cash and cash equivalent decreased by S$0.3 million during FY2019.

OUTLOOK

The Cambodian authorities have started to focus more on renewable energy especially on solar and photovoltaic systems despite the current use of coal fired power plants. In order for these new initiatives to take off, it would need some time given the cost to implement and the land acreage needed to house such facilities.

The Group would be monitoring the impact arising from such new initiatives. Based on the voices heard from shareholders on its energy division, the Group had continually look at reducing its reliance on energy business as we focus back on our core fire-fighting and protection business.

For the fire-fighting and protection division, the Group expects that performance to continue to remain moderate, owing to a more subdued marine, oil and gas sector in Singapore, further exacerbated by the ongoing US-China trade war, which has continued to impact oil prices. The Group conducts active discussion with international brands and their distributors to continue to grow this fire-fighting and protection division business. Ongoing discussion with these distributors have translated to our appointment as their service centre in the region. The Group would continue to engage big players regionally and globally to increase our product sales as well as after sales services. For FY2020, the Group would focus more on this division to ride out the economic uncertainty.

Keeping in mind the current array of challenges we face, the Board will be watching these and other pertinent developments closely as the Group moves into 2020.

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(1) https://www.apricum-group.com/how-renewables-will-drive-a-power-sector-shakeup-in-southeast-asia-and-why-utilities-should-care/

(2) (3) https://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018

Board of **Directors**

TAY KAH CHYE, 72

Independent Chairman

was appointed as a Non-Executive Independent Director of the Company, and Chairman of the Board on 1 October 2013 and was last re-elected at the AGM held on 27 July 2017. He is also the Chairman of the Audit and Risk Management Committee and a member of the Renumeration Committee and Nominating Committee. He is currently the Executive Chairman of CLMV Consult (Net) Private Limited, a regional consulting company headquartered in Singapore and the Chief Executive Officer of the PATA Group (comprising PATA Consultancy Pte Ltd and PATA International Enterprise Pte Ltd). He has served as the Honorary Secretary General of ASEAN Bankers Association, a regional banking industry group from 1991 to 2007 and as Honorary Advisor from 2008 to 2010. Prior to his retirement on 31 December 2007, Mr Tay was the President and Chief Executive Officer of ASEAN Finance Corporation Ltd, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991. He is an independent director of Wilmar International Ltd and AsiaTravel.com Holdings Ltd. He graduated with a Bachelor of Social Sciences (Economics) from the University of Singapore in1970.

TAN BOON KHENG, 58

Managing Director

is the Group Managing Director. He joined the Group in 1983 upon his graduation from Singapore Polytechnic with a diploma in mechanical engineering and was appointed a Director on 25 October 2002. His primary responsibilities are strategic planning and business development. Mr Tan was instrumental in the Group's foray into the overseas markets and expansion into the power generation business. Mr Tan has been accredited as a Qualified Fire Safety Manager by the Singapore Joint Civil Defence Force since 1982. Tan Boon Kheng is the brother of Tan Boon Yew and Tan Boon Siang. He was last re-elected at the AGM held on 28 July 2016.

TAN BOON SIANG, 50

Executive Director

joined the Group in 1993 and is responsible for the management and supervision of the land-based fire fighting and protection business. He was appointed a Director on 25 October 2002. He has been accredited as a Qualified Fire Safety Manager by the Singapore Joint Civil Defence Force since 1994. Tan Boon Siang is the brother of Tan Boon Kheng and Tan Boon Yew. He was last re-elected at the AGM held on 27 July 2017.

CHIA SOON HIN WILLIAM, 66
Independent Director

was appointed as a Non-Executive Independent Director on 1 September 2018. He is also the chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nominating Committee. Besides serving as an Independent Board Director of another listed company, he provides training for financial institutions and business advisory to corporations through his company, Xie Capital Pte Ltd. He has more than 35 years of retail and commercial banking experience with Overseas Union Bank, Standard Chartered Finance, DBS Bank, Malayan Banking Berhad and United Overseas Bank. Prior to his retirement from United Overseas Bank in October 2014, he was an Executive Director with the bank's Group Commercial Banking. He is a Chartered Secretary and Associate of the Governance Institute of Australia, Fellow with the Chartered Institute of Marketing (UK) and Associate with the Chartered Institute of Bankers (UK). He was conferred IBF Fellow by the Institute of Banking and Finance Singapore in November 2014. Pursuant to Regulation 107 of the Company's Constitution, Mr. Chia will retire as a director at the forthcoming AGM and has consented to re-election as a director. More details of Mr Chia can be found in the "Corporate Governance Report" section.

LEE FANG WEN, 58
Independent Director

was appointed as a Non-Executive Independent Director on 1st April 2016 and was last re-elected at the AGM held on 28 July 2016. He is a member of the Audit and Risk Management Committee, Remuneration Committee and Chairman of Nominating Committee. Mr Lee has extensive experience in manufacturing, engineering, marketing, procurement and sourcing, having worked with Motorola Electronics, Compaq Asia and MFS Technology (S) Pte Ltd. He held several key management positions in MFS Technology (S) Pte Ltd during his 17 years there and was responsible for setting up MFS's Malaysia FPC factory in 1999 and its Shanghai Representative Office in 2002. He was appointed Executive Director of Creative Master Bermuda Limited from 2013 to 2014 to resolve the company's outstanding issues and obtain shareholders' approval for members' voluntary liquidation and distribution of final cash balance to all shareholders. He is currently a Non-Executive Independent Director of Tai Sin Electric Limited, a company listed on the main board of the SGX-ST. Mr Lee graduated with a Chemical Engineering degree from the National University of Singapore. He is a member of the Singapore Institute of Directors. Mr Lee will retire via rotation at the forthcoming AGM and will not be seeking re-election.

Key Management

TAN AH KAN @ TAN KOW LA PBM
is the founder of the Group. He is also the Group's former Chairman. He retired as a Non-Executive Director of the Company on 1 October 2013. Upon his retirement, Mr Tan continues to serve Asiatic Fire System Pte Ltd as a consultant/director. He was instrumental in building up the fire fighting and protection business over the past 30 years and has extensive experience and knowledge in the fire fighting and protection industry. He was awarded a PBM (Public Service Medal) in 2001 by the President of Singapore for his efforts and contributions to the community. Tan Ah Kan @ Tan Kow La is the father of Tan Boon Kheng, Tan Boon Yew and Tan Boon Siang.

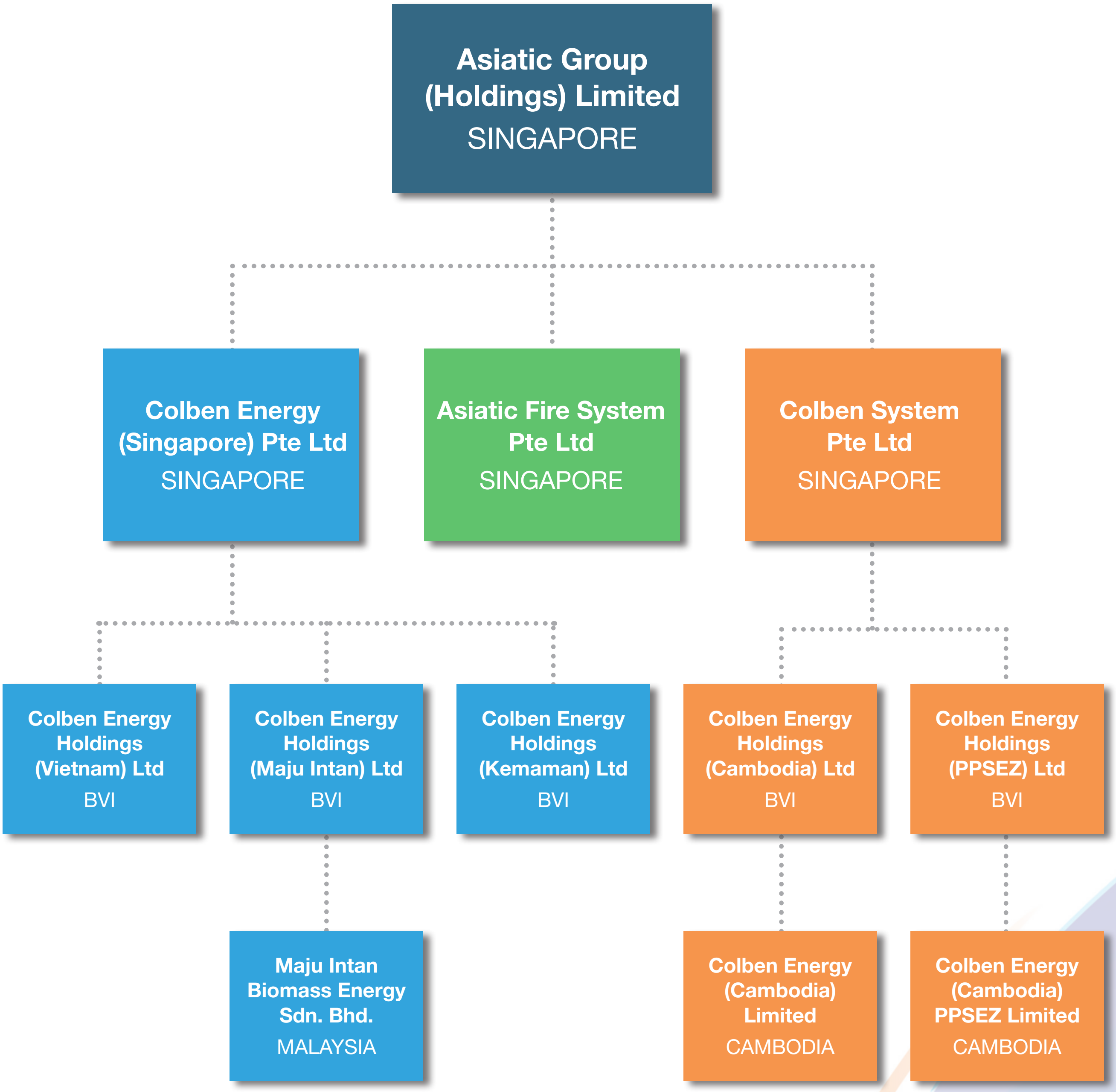
TAN BOON YEW
joined the Group in 1981 and is responsible for the management and supervision of the marine-based fire fighting and protection business. He retired as Executive Director of the Company on 26 July 2018. Mr Tan remained as a Director in Asiatic Fire System Pte Ltd. Tan Boon Yew is the brother of Tan Boon Kheng and Tan Boon Siang.

NG MENG CHENG
is Director of Colben System Pte Ltd and Chief Operating Officer of Colben's operations in Cambodia. He is specialized in operating and handling heavy equipment, and has vast experience in offshore oil exploration logistic operation and all types of offshore anchor handling tug boat and holding a third marine officer rank. Since 1990, he entered into the Kingdom of Cambodia for various ventures and held senior positions in companies as Director/COO to Chairman.

WONG WAI CHEONG
is our Financial Controller and is responsible for the strategic planning, corporate planning, corporate structuring, financial planning, treasury functions, statutory reporting and accounting of our Group. Mr Wong had joined our Group in 2012 as Finance Manager and was promoted to Financial Controller in October 2018. Prior to joining our Group, he was the Regional Manager, Asia Pacific – Operations & Finance with Amer Sports Malaysia Sdn Bhd for 14 years. Mr Wong graduated from Universiti Utara Malaysia with an honors degree in Accounting and he is a member of Malaysian Institute of Accountants.

LEE YOKE CHUN
is our Administration and Human Resources Manager. Prior to joining our Group in 1987, Mdm Lee has worked in the administration and accounts departments of various companies in different industries, such as distribution, manufacturing and construction. Mdm Lee holds a diploma in business administration from the PSB. Mdm Lee is the spouse of our Managing Director, Tan Boon Kheng.

Corporate **Structure**


Asiatic Group (Holdings) Limited
SINGAPORE
Colben Energy (Singapore) Pte Ltd
SINGAPORE
Asiatic Fire System Pte Ltd
SINGAPORE
Colben System Pte Ltd
SINGAPORE
Colben Energy Holdings (Vietnam) Ltd
BVI
Colben Energy Holdings (Maju Intan) Ltd
BVI
Colben Energy Holdings (Kemaman) Ltd
BVI
Colben Energy Holdings (Cambodia) Ltd
BVI
Colben Energy Holdings (PPSEZ) Ltd
BVI
Maju Intan Biomass Energy Sdn. Bhd.
MALAYSIA
Colben Energy (Cambodia) Limited
CAMBODIA
Colben Energy (Cambodia) PPSEZ Limited
CAMBODIA

Corporate
Information

DIRECTORS

Tay Kah Chye
(Independent Chairman)

Tan Boon Kheng
(Managing Director)

Tan Boon Siang
(Executive Director)

Lee Fang Wen
(Independent Director)

Chia Soon Hin William
(Independent Director)

COMPANY SECRETARY

Lai Foon Kuen

REGISTERED OFFICE

65 Joo Koon Circle Singapore 629078
Tel: (65) 6863 0188
Fax: (65) 6897 9220

COMPANY REGISTRATION NO.

200209290R

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge: Tan Po Hsiong Jonathan
(with effect from financial year 2017)

AUDIT AND RISK MANAGEMENT COMMITTEE

Tay Kah Chye (Chairman)
Lee Fang Wen
Chia Soon Hin William

REMUNERATION COMMITTEE

Chia Soon Hin William (Chairman)
Tay Kah Chye
Lee Fang Wen

NOMINATING COMMITTEE

Lee Fang Wen (Chairman)
Tay Kah Chye
Chia Soon Hin William
Tan Boon Kheng

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

The Company is committed to maintaining a high standard of corporate governance and transparency within the Company, and together with its subsidiaries (the "Group"), to preserve and enhance the interests of all shareholders and investors. The Company has adopted corporate governance practices and guidelines with references to the Code of Corporate Governance 2012 (the "Code") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 for the financial year ended 31 March 2019 ("FY2019").

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance which aims to encourage board renewal, strengthen directors' independence and enhance board diversity, which will initially take effect for annual reports covering financial years commencing from 1 January 2019 (the "New Code"). The Company will implement the New Code for its Annual Report for the financial year ending 31 March 2020 ("FY2020").

Pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist issued by the SGX-ST (the "Catalist Rules"), this report describes the Company's corporate governance processes and activities for FY2019. Proper explanation has been given where there is a deviation from the recommended guideline(s).

(A) BOARD MATTERS

Board of Directors

The board of directors (the "Board") is responsible for setting the strategic direction for the Company. Every Director is expected to act in good faith and always in the best interest of the Company and the Board is entrusted with the responsibility for the overall management of the Company.

The Board's primary responsibilities include the review and approval of policy guidelines, setting directions to ensure that the strategies undertaken seek to enhance shareholders' value. The Board meets regularly on a half-yearly basis and as and when warranted by the circumstances, both formally and informally. Meetings by the Board may also be conducted via telecommunication means. The following matters, inter alia, require the Board's approval:

- Budgets, half-year and full year results announcements, annual reports and audited financial statements;
- Corporate strategic direction, strategies and action plans;
- Issuance of policies and key business initiatives;
- Acquisition/disposal and other material transactions;
- Declaration of interim dividends and proposal of final dividends; and
- Convening of shareholders' meetings.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other professional consultants on the continuing obligations and requirements of a public listed company. Further, Directors are encouraged to attend seminars and courses to complement their core expertise and to keep abreast of the ongoing regulatory changes and compliance. When a Director is first appointed to the Board, an orientation program is arranged for him to be familiar with the Group's business and governance practices. Upon appointment, a formal letter shall be issued setting out the duties, responsibilities and obligations of a Director. All new first-time Directors (who have no prior experience as a director in a listed company) are also required to attend appropriate SGX-SID Listed Company Director (LCD) Programmes offered by the Singapore Institute of Directors ("SID") within 1 year from the date of his/her appointment.

Courses, conferences and seminars attended by some of the Directors in FY2019 include:

Course Name	Held By
● AC Chapter Pit-Stop Series: Financial Reporting - Fraud in China ● Singapore Governance & Transparency Index 2018 ● Launch of Singapore Directorship Report & CG Guides for Boards 2018 ● ACRA-SGX-SID Audit Committee Seminar 2019	SID
● Global Corporate Governance Conference ● Corporate Governance Forum 1 & 2 - Building Trust Through Reporting - Future Proofing the board to drive Innovation & Transformation	SIAS
New Changes to Public Listed Companies in Singapore	TMF Group

Our Board has established and delegated certain responsibilities to the Nominating Committee (“NC”), Remuneration Committee (“RC”) and Audit and Risk Management Committee (“ARMC”) (collectively, the “Committees”). The Committees are each chaired by an Independent Director and majority of the members are independent and non-executive.

Directors’ Attendance at Board and Committee Meetings

	Board	ARMC	NC	RC
Total held in FY2019:	**4**	**2**	**1**	**2**
Tay Kah Chye (Independent and non-executive Chairman)	4	2	1	2
Tan Boon Kheng (Managing Director)	4	2(1)	1(1)	2(1)
Tan Boon Siang (Executive Director)	4	1(1)	NA	NA
Lee Fang Wen(2) (Independent and non-executive Director)	4	2	1	2
Chia Soon Hin William(3) (Independent and non-executive Director)	2	1	NA	1

Notes:

1. Attendance by invitation
2. Retiring as a Director at the forthcoming annual general meeting
3. Appointed as a Director on 1 September 2018

Every Director has separate and independent access to the management of the Company (the “Management”), the Company Secretary and the external auditors at all times. The Company currently does not have a formal procedure to seek independent and professional advice for the furtherance of the Board’s duties. However, the Directors may, on a case-to-case basis, propose to the Board for such independent and professional advice to be sought, the cost of which will be borne by the Company.

Board Composition and Guidance

The Board currently comprises five (5) Directors, namely, two (2) executive directors and three (3) independent and non-executive directors, whose collective experience and contributions are valuable to the Company.

Non-executive directors are encouraged to constructively challenge and help to develop strategies, and to review and monitor the performance of Management, agreed goals and objectives. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

The Board is aware of the need for board renewal to ensure that the composition of the Board remains relevant and nimble to meet the changing challenges in the industry and countries which the Group operates in. Such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis or when circumstances warrant, to ensure that the Board dynamics remain optimal.

There is a strong and independent element on the Board given that there are at least two non-executive directors who are independent and they form at least half of the Board and the Chairman of the Board is independent. Accordingly, the composition of the Board is in compliance with the Code and the Catalist Rules.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board comprises Directors who have expertise across areas such as banking, finance and accounting, business and industry-specific experience, management and strategic planning.

The profile of our Directors can be found on pages 12 to 13 of this Annual Report. The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Balance and Diversity of the Board

Competencies	***Number of Directors***	***Proportion of Board***
Accounting or finance	3	60%
Business management	5	100%
Legal or corporate governance	3	60%
Relevant industry knowledge or experience	3	60%
Strategic planning experience	5	100%
Customer based experience or knowledge	5	100%

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Chairman and Chief Executive Officer

The Company recognize the principle of a clear division of responsibility between the Chairman and the Chief Executive Officer (in our case, the Managing Director (the "MD")). Mr Tan Boon Kheng is the MD while Mr Tay Kah Chye, an Independent Director, is the Chairman of the Board.

The roles of the Chairman and the MD are separate to ensure a clear division of their responsibilities and increased accountability, in accordance with the recommendations of the Code. The Chairman is not related to the MD.

The Chairman is responsible for, inter alia, exercising control over the quality, quantity and timeliness of flow of information between the Management and the Board, and assisting in ensuring compliance with our Company's guidelines on corporate governance, while our MD is responsible for planning, business development and generally charting the strategic growth of the Group.

The Independent Directors have met periodically in the absence of Management in FY2019 as and when required.

Board Membership

Nominating Committee

The NC comprises the following members, the majority of whom, including the NC Chairman, are independent and non-executive directors:

- Lee Fang Wen (Chairman)
- Tay Kah Chye (Member)
- Chia Soon Hin William (Member)
- Tan Boon Kheng (Member)

The NC is guided by key terms of reference as follows:

- Identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board based on his contribution and performance;
- Determines annually whether a Director is independent in accordance with the guidelines of the Code and the Catalist Rules;
- Assesses the effectiveness of each Director as to whether he is able to and has adequately carried out his duties as a Director, in particular, where a Director has directorships in other companies;
- Reviews the structure, size and composition of the Board and make recommendations to the Board;
- Ensures that all new members of the Board undergo an appropriate orientation programme; and
- Decides how the Board's performance may be evaluated and proposes objective performance criteria and thereafter submits for the Board's approval.

The NC has examined the current size and composition of the Board and is satisfied that the Board meets the Company's existing needs and the nature of operations. The NC will review the appropriateness of the Board size, taking into consideration the changes in the nature and scope of the Group's operations as well as the applicable prevailing regulatory requirements.

Where a vacancy occurs and as and when the need arises, the Management and the Board will procure suitable candidates for the NC's review and consideration. If need be, the NC may also engage external search consultants to search for candidates at the Company's expense. The NC will, amongst others, review the candidate's credentials, and assess the candidate's competency, suitability and ability to devote sufficient time for the Company. The NC will thereafter provide its recommendations to the Board for approval.

For the re-election of incumbent directors, the NC would assess the performance of the director in accordance with the performance criteria set by the Board and also considers the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The NC has reviewed and is of the opinion that holding multiple listed company board representations by some Directors have not impeded their performance and abilities in carrying out their duties to the Company. The NC has assessed and is satisfied that each Director has dedicated sufficient resources to diligently discharge his duties for FY2019. The Board did not set any cap on the number of listed company board representations a Director may hold in FY2019 given that all the Independent and non-executive Directors do not have extensive multiple directorships and have been able to dedicate their time and attention to the business of the Company. Nevertheless, if the Board finds that time commitment is lacking from any particular Director, they may consider imposing a cap in future.

Directors must also immediately report any new appointments or changes in their external appointments, including any corporate developments relating to their existing external appointments, which may affect their independence. This ensures that Directors continually meet the stringent requirements of independence under the Code and the Catalist Rules.

The Independent Directors had in FY2019 confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules. The NC had also assessed the independence of each Independent Director and confirm that Mr Tay Kah Chye, Mr Lee Fang Wen and Mr Chia Soon Hin William to be independent. There are no directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code or Catalist Rules that would otherwise deem him not to be independent. There are no Independent Directors who has served beyond nine years from the date of his first appointment.

The Company does not have any alternate directors.

The Constitution of the Company (the "Constitution") provides that at least one-third of the Board is required to retire via rotation at each annual general meeting ("AGM") and that each Director shall retire from office at least once every three (3) years. A retiring Director is eligible for re-appointment subject to his consent.

Mr Lee Fang Wen is retiring by rotation in the forthcoming AGM and his re-election is subject to shareholders' approval at the forthcoming AGM pursuant to Regulation 103 of the Constitution. However, he has decided not to seek re-election in order to pursue his interest in the area of entrepreneurship. The Board would like to express their profound appreciation to Mr Lee Fang Wen for his valuable contributions to the Board and the Company during his tenure.

Upon Mr Lee Fang Wen's cessation as an Independent Director, the Board will comprise 2 Independent Directors and 2 Executive Directors. There will not be enough independent directors to form the Audit and Risk Management Committee. The Board is in the midst of identifying potential candidates to be appointed as an Independent Director of the Company and will target for the vacant position to be filled no later than 3 months from the effective date of his cessation.

Mr Chia Soon Hin William, on the other hand, was appointed as an Independent Director on 1 September 2018 and would be subjected to retirement and reappointment at the forthcoming AGM by shareholders in accordance with Regulation 107 of the Company's Constitution. There was no change on the information previously announced as required under Appendix 7F of the Catalist Rules of SGX-ST concerning Mr Chia Soon Hin William who is to be re-elected.

Mr Chia Soon Hin William will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Remuneration Committee. The Board considers Mr Chia Soon Hin William to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Further information on Mr Chia Soon Hin William can be found in the "Board of Directors" section on page 13 and pages 32 to 33 of the Annual Report.

Board Performance

The NC has adopted a formal process to assess the performance and contributions of the Directors and the effectiveness of the Board as a whole and its Committees. The NC sets objective performance criteria for the assessment which allow comparison with industry peers. The assessment criteria focus on the effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, accountability, the Board's performance in connection to discharging its responsibilities and duties, and Directors' standards of conduct including his interactive skills, participation level at the Board and Committees' meetings, insight knowledge and preparedness as well as availability to attend meetings. In addition, the qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.

The NC did not propose any changes to the performance criteria for FY2019 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same as the financial year ended 31 March 2018 ("FY2018").

The review process involves:

1. All Directors individually and collectively as a whole completing a board evaluation questionnaire on the effectiveness of the Board and the individual Directors based on the aforementioned performance criteria;

2. The Company Secretary will collate and present the questionnaire results to the NC Chairman in the form of a report; and

3. The NC will deliberate the report and opine the performance results during the NC meeting.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his individual performance.

Following the completion of the assessment for FY2019, the NC is of the opinion that the Board, its Committees and each Director had been effective and had met their performance objectives during FY2019 notwithstanding that the Company was in loss-making position for FY2019. No external facilitator was engaged in the current evaluation process.

Access To Information

The Board is kept abreast on the Group's operations and key performance through updates and reports, as well as through informal discussions given by Management (including the Managing Director and the Executive Directors). Prior to any meetings of the Board or Committees, every Director, if applicable, are given sufficient board papers to prepare them for the meetings. In addition, Board members have separate and independent access to the Management on queries or when they require additional information on the affairs of the Company and the Group.

The Management would provide the explanatory documents on matters to be brought before the Board and its Committees. Copies of disclosure documents, budgets, forecasts, unaudited financial statements together with explanations for any significant or material variance between the budget and actual results are tabled by the Management for review during the meetings.

Each Director also has access to the Company Secretary who attends the Board's and the Committees' meetings. The Company Secretary also assists the Chairman of Committees and the Board in the conduct of meetings and ensures that procedures and corporate governance practices are adhered to. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, such service will be available at the Company's expense.

(B) REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Remuneration Committee

The composition of the RC is as follows. All members of the RC are independent and non-executive directors:

- Chia Soon Hin William (Chairman)
- Tay Kah Chye (Member)
- Lee Fang Wen (Member)

The RC is guided by key terms of reference as follows:

- Reviews and recommends to the Board, a framework of remuneration for the Board and key management personnel;
- Recommends to the Board, the executives' and employees' share option schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith;
- Reviews the level of remuneration that is appropriate to attract, retain and motivate the Directors and key management personnel; and
- Reviews and recommends to the Board the terms of renewal of Directors' service contracts.

The RC also administers the following share plans of the Company, namely:

1. Asiatic Share Option Scheme 2008 which was approved and adopted at the extraordinary general meeting ("EGM") held on 25 July 2008 and had expired on 25 July 2018; and
2. Asiatic Performance Share Plan which was approved and adopted at the EGM held on 15 August 2013.

In determining remuneration packages of executive directors and key management personnel, the RC will ensure that (i) they are adequately but not excessively rewarded; and (ii) the level and mix of remuneration should be appropriate to attract, retain and motivate Directors and key management personnel to run the Company successfully and create long-term sustainable value for its stakeholders. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contribution to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain executive talent.

The Company is of the view that the annual review of the remuneration of the Directors and key management personnel by the RC, which includes giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's long term strategic business objectives and alignment with market practices.

The RC's review of the remuneration packages as stipulated in the service agreements and/or employment contracts takes into consideration the long-term interests and direction of the Group, the performance of the Group and the overall assessment of the Board (where applicable) and individual contribution of the Directors and key management personnel. The RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

In discharging their duties, the RC may seek professional advice where necessary. For FY2019, RC had not sought external remuneration consultants to review the remuneration packages of directors and key management personnel. The RC had assessed and is satisfied that the appointment of an external remuneration consultant in FY2019 was not necessary after reviewing the employment conditions within the industry and comparable companies and taking into consideration that the senior management team had voluntarily taken a paycut in September 2018 for FY2019.

Proposed salary increments, or bonus pay-outs, if any, are reviewed by the RC and recommended to the Board accordingly for approval based on factors such as the actual financial performance of the Group, vis-à-vis the contribution by the respective Executive Directors or key management personnel.

All recommendations of the RC will be submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration and Directors' fees are recommended by the Board for approval by the shareholders at the AGM.

Level and Mix Of Remuneration

For FY2019, the RC had reviewed the remuneration packages for the Directors, key management personnel and the employees who are related to the Directors. The remuneration of the Executive Directors namely Tan Boon Kheng and Tan Boon Siang, are covered by service agreements which are subject to yearly renewal. In view of the challenging business environment, the RC noted that the Executive Directors and key management personnel has agreed to a salary reduction for the financial year ended 31 March 2019 starting from September 2018. Save for the salary reduction, the remaining terms and conditions of the service agreements remain the same as FY2018.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate. Nevertheless, RC will review the inclusion of "claw-back" provision in future service agreements.

Disclosure on Remuneration

The total remuneration and breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2019 is set out below:

Name of Director	Total Remuneration (S$)	Base/Fixed Salary	Directors' Fee	Other Bonus	Other Benefits	Other Total
Tan Boon Kheng[(1)(3)]	344,000	93%	–	7%[(5)]	–	100%
Tan Boon Siang[(1)]	249,000	93%	–	7%[(5)]	–	100%
Tay Kah Chye	40,000	–	100%	–	–	100%
Lee Fang Wen	25,000	–	100%	–	–	100%
Chia Soon Hin William[(4)]	15,000	–	100%	–	–	100%

The breakdown (in percentage terms) of the remuneration of the top 5 key management personnel of the Group for FY2019 is set out below:

Name of Key Management Personnel	Designation, Name of Entity	Base/Fixed Salary (%)	Bonus (%)	Total (%)
Below S$250,000				
Tan Ah Kan @ Tan Kow La[(1)]	Consultant, Asiatic Fire System Pte. Ltd.	100	–	100
Tan Boon Yew[(2)]	Director, Asiatic Fire System Pte. Ltd.	95	5	100
Wong Wai Cheong	Group Financial Controller	100	–	100
Lee Yoke Chun[(3)]	Group Admin & HR Manager	100	–	100
Ng Meng Cheng	Director, Colben System Pte Ltd	100	–	100

Notes:

1. Tan Boon Kheng and Tan Boon Siang are the sons of Tan Ah Kan @ Tan Kow La.
2. Tan Boon Yew is the brother of Tan Boon Kheng and Tan Boon Siang.
3. Lee Yoke Chun is the spouse of Tan Boon Kheng.
4. Chia Soon Hin William - Appointed on 1 September 2018 and fees was pro-rated.
5. Bonus refers to annual wage supplement of 1-month salary.

The aggregate remuneration paid to the above key management personnel was approximately S$686,000 in FY2019.

No termination, retirement and post-employment benefits were granted to the Directors or key management personnel for FY2019.

The remuneration received by the Managing Director, the Executive Directors and key management personnel takes into consideration his/her individual performance and contribution towards the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary. The variable compensation is determined based on the level of achievement of corporate objectives (such as financial performance) and individual performance objectives (such as project management, strategic and operational effectiveness).

The RC has reviewed and is satisfied that for FY2019, the remuneration received by the Managing Director, the Executive Directors and key management personnel are commensurate with their efforts and achievements. The RC has also reviewed and is satisfied that the overall performance conditions were met for FY2019.

Remuneration of other employees related to a Director

Save as disclosed above, the following are other employees whose remuneration exceeded S$50,000 and who are immediate family members of Tan Boon Kheng and Tan Boon Siang, the Managing Director and Executive Directors of the Company. The aggregate remuneration (including CPF contributions thereon and benefits) of these employees amounted to approximately S$199,000 for FY2019.

Name of Employees	Relationship with Tan Boon Kheng and Tan Boon Siang	Total remuneration for FY2019 S$50,000/- to S$100,000/-
Tan Ah Soi	Uncle	√
Tan Chee Meng	Cousin	√
Tan Tze Wee	Cousin	√

Save as disclosed, there are no family relationships between any of our Directors, key management personnel and other employees.

The Asiatic Share Option Scheme 2008

The Asiatic Share Option Scheme 2008 (the “Scheme”) was approved and adopted by the shareholders of the Company at the EGM held on 25 July 2008. The Scheme is administered by a committee comprising the members of the RC (the “Scheme Committee”). Under the Scheme, selected employees and directors of the Group are eligible to participate at the discretion of the Scheme Committee. Controlling shareholders and their associates (as defined in the Catalist Rules) are not eligible to participate in the Scheme. The Scheme has expired on 25 July 2018.

Since the commencement of the Scheme until its expiration on 25 July 2018, no option was granted.

The Asiatic Performance Share Plan

The Company has adopted a performance share plan known as Asiatic Performance Share Plan (the “Share Plan”) which was approved by the shareholders of the Company at the EGM held on 15 August 2013. The Share Plan is administered by the RC and no share award has been granted since its adoption and for FY2019.

The Share Plan is designed to complement the existing Scheme and to increase the Company’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. The Directors believe that the Share Plan will provide the Company with a more comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining local and foreign talent.

Unlike the Scheme whereby participants are required to pay the exercise price of the options when exercising such options into shares, the Share Plan allows the Company to provide an incentive for participants to achieve certain specific performance targets by awarding fully paid shares to participants after these targets have been met.

In addition, the assessment criteria for granting option(s) under the Scheme are more general (e.g. based on length of service and general performance of the Group) and do not relate to specific performance targets imposed by the Company. In contrast, the assessment criteria for granting of awards under the Share Plan will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

The Share Plan allows for participation by the Group's employees (including the Managing Director and Executive Directors, namely, Tan Boon Kheng and Tan Boon Siang) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the award provided that none shall be an undischarged bankrupt at the relevant time, and who, in the absolute discretion of the RC, will be eligible to participate in the Share Plan.

Subject to the absolute discretion of the RC, the controlling shareholders of the Company and their associates who meet the criteria as set out above are eligible to participate in the Share Plan, provided that (a) the participation of, and (b) the terms of each grant and the actual number of shares comprised in the share awards granted under the Share Plan to, a participant who is a controlling shareholder of the Company or his associate shall be approved by independent shareholders in a general meeting in separate resolutions for each such person.

Subject to the absolute discretion of the RC and prior to any grant of an award to any controlling shareholder of the Company or his associate, the Company will seek approval from its independent shareholders for the participation of such person in the Share Plan and/or the grant of an award to such person. Further details of the Share Plan are disclosed on page 35 of the Annual Report under the Directors' Statement.

(C) ACCOUNTABILITY AND AUDIT

Accountability

The Board is aware and responsible to provide balanced and easy to understand assessment of the Group's performance, position and prospects, including interim and other price sensitive public information, reports to regulators (if required) and its sponsor. Management provides Directors with sufficient relevant information on the Group's financial performance and insight into the industries' operating conditions where the Group operates in on a timely basis. The Company also adopts an open door policy to encourage Independent Directors to seek explanation or have informal discussion on any aspect of the Group's operations or business from Management.

Risk Management and Internal Controls

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance and has outsourced its internal audit function. Nexia TS Risk Advisory Pte Ltd ("Nexia") was the internal auditor for the Group for FY2019.

The Board and the ARMC noted that there were some areas requiring improvement as identified in the Nexia 2018 IA Report and Management has rectified all the identified areas for the 2018 IA report except for the installation of some closed circuit cameras which will be done after completion of the renovation of the warehouse. The internal audit for FY2019 in relation to areas on disbursements and payments are still ongoing but have been substantially completed. Based on the ongoing discussions with Nexia, the ARMC understands that there are no significant nor material weakness identified so far and Nexia will present areas requiring improvement (if any) upon finalizing the 2019 IA Report. The Board will ensure that Nexia receives the resources necessary to complete its 2019 IA Report. Should there be any material weaknesses identified at the completion of the internal audit for FY2019, the Company will make an announcement to update shareholders and ensure that such weaknesses will be satisfactorily resolved.

Taking into consideration the updates from the Management and Nexia in relation to the substantially completed FY2019 internal audit as well as the follow up on the 2018 internal audit has been completed, the Board and the ARMC has assessed and is satisfied with the adequacy and effectiveness of the internal controls based on the updates. The Management is to complete the internal audit for FY2019 as soon as they can. For FY2020, Nexia will also independently assess and provide recommendations to institute, or improve the policies governing the disclosure of possible conflict of interest and related party transactions, as part of the overall internal audit plan that was approved by ARMC. Management will provide regular updates to the ARMC with respect to the implementation progress.

In assessing the design and operating effectiveness of internal controls, the Board notes that the system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

As the Company is undergoing a business strategic review, the Company will also review, identify and update areas where risk is significant under its business and operational activities, if any, and will devise measures to respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the ARMC and Board. The Group's financial risk management objectives and policies are further discussed under note 32 to the financial statements.

The system of internal controls maintained by the Group includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, information technology and compliance risks. However, the Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

As part of the annual statutory audit, the Group's external auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Group's material internal controls, including financial, operational, compliance, information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements will be reported to the ARMC. The ARMC also reviews the effectiveness of the actions taken on the recommendations made by the external auditors, if any. For FY2019, the ARMC had received assurance from the Managing Director and Group Financial Controller:

(i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) the Company's risk management and internal control systems were effective.

Based on the internal controls established and maintained by the Group and work performed on key internal controls by the external auditors and internal auditors, reviews performed by the Management and the various Board Committees, the Board with the concurrence of the ARMC, are of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019.

Audit and Risk Management Committee

All members of the ARMC are independent and non-executive directors and its composition is as follows:

– Tay Kah Chye (Chairman)
– Lee Fang Wen (Member)
– Chia Soon Hin William (Member)

All members of the ARMC do not have any management and significant or material business relationships with the Company or any substantial shareholder of the Company. None of the ARMC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the ARMC members hold any financial interest in the external audit firm.

The ARMC is guided by key terms of reference as follows:

- reviews the financial and operating results and accounting policies of the Group;
- reviews the audit plan of the external auditors and their evaluation of the system of internal controls and monitor Management's response and actions to correct any noted deficiencies;
- reviews the internal audit plan and findings of the IA;
- evaluates the effectiveness of both the internal and external audit efforts through regular meetings;
- determines that no unwarranted Management restrictions are being placed upon either the internal or external auditors;
- reviews the financial statements with Management and external auditors for submission to the Board;

- reviews interested person transactions;
- reviews the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the Company, the ARMC shall keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- recommends to the Board the appointment, or re-appointment and removal of the external auditors;
- reviews the interim and annual announcements of financial results of the Group before submission to the Board for approval;
- meets with the external auditors without the presence of the Management at least once annually;
- reviews the independence of the external auditors annually; and
- generally undertakes such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The ARMC meets at least two times a year and as frequently as required. In particular, the ARMC meets to review the financial statements before they are announced on SGXNET. In the financial year under review, the ARMC has met to review and approve the audit plan as well as the half-year and full-year unaudited results for announcement purposes. The ARMC has also met with the internal and external auditors in the absence of Management in FY2019.

To enable the ARMC to discharge its function properly, it has full access to and co-operation from Management and has full discretion to invite any director or executive officer to attend its meetings.

The ARMC may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations. The ARMC has power to conduct or authorise investigations into any matters within the ARMC's scope of responsibility. The ARMC is authorised to obtain independent professional advice if deemed necessary to discharge its responsibilities properly. Such expenses would be borne by the Company.

The ARMC may also review arrangements (in accordance with the Group's whistle-blowing policy) by which stage of the Company and external parties such as vendors and customers may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The ARMC ensures that arrangements are in place for the independent investigation of such matters and that appropriate follow up actions are carried out. There were no complaints received under the whistle-blowing policy in FY2019.

Pursuant to Rule 715 of the Catalist Rules, the ARMC noted that the Company and its Singapore incorporated subsidiaries were audited by Messrs Ernst & Young LLP based in Singapore. The statutory auditors for the Company's subsidiaries in Cambodia were Messrs BDO (Cambodia) Limited based in Cambodia. For the purposes of the Group's audit and consolidation, Messrs Ernst & Young LLP, Singapore, had also performed a full audit of the accounts of the Cambodian subsidiaries. Further information on the auditor's appointment can be found in Notes 10 and 11 to the financial statements.

The Board and the ARMC had reviewed the audit arrangements with Messrs Ernst & Young LLP, Singapore, and noted that the current arrangement had not compromised the standard and effectiveness of the audit for the Group and that the auditors had no objection on the current arrangement. The Company has complied with Rules 712 and 715 of the Catalist Rules.

Non-audit services provided by the external auditors (if any) are reviewed by the ARMC to ensure that the provision of such services would not compromise the independence of the external auditors.

The aggregate amount of audit fees paid/payable to Messrs Ernst & Young in FY2019 amounted to S$115,000. The amount of non-audit services provided by Messrs Ernst & Young LLP was S$20,000.

The ARMC has reviewed the independence and objectivity of the external auditors in FY2019 and is satisfied that the external auditors remain independent and objective. The ARMC has also recommended the re-appointment of Messrs Ernst & Young LLP as the external auditors for the ensuing financial year.

In FY2019, the Board had periodically assessed and reviewed, together with the assistance of the NC, that the members of the ARMC are appropriately qualified to discharge their responsibilities. The Board is of the view that adequate and reasonable assistance and support was properly rendered by the Directors and Management to enable the ARMC to carry out its role effectively and efficiently.

The ARMC comprises members who have expertise and experience in financial management and are qualified to discharge the ARMC's responsibilities. All the members of the ARMC have the relevant accounting and finance experience and fulfil the requirements for the composition of the ARMC. Members of the ARMC were also provided with information such as updates on consultation papers issued by the SGX-ST as well as the changes to the Singapore's Financial Reporting Standards.

Internal Audit

The ARMC will review the adequacy and effectiveness of the internal auditor ("IA") annually. The IA's primary line of reporting is to the Chairman of the ARMC. However, they also have an administrative reporting function to Management where planning, coordinating, managing and implementing internal audit work cycle are concerned. The IA reports are also given to the external auditors to ensure effective use of resources and to avoid duplication of efforts.

The ARMC is satisfied that outsourced internal audit function is independent, adequately qualified and resourced (as it is a member of the Singapore Institute of Internal Auditors) and adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors) and has the appropriate standing in the Company to discharge its duties effectively.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Policy on dissemination of public information

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information relating to the Group's new initiatives are first disseminated via SGXNET followed by a news release (if appropriate), which is also available on SGXNET. The Company ensures that it does not practice selective disclosure of material information. Price sensitive information is publicly released and results of the Group's financial performance are announced and/or issued within the mandatory periods.

As the Company does not have a dedicated investor relations team, efforts by the Company in its engagement with investors (both present and prospective) is undertaken by the Managing Director and supported by the Group Financial Controller. Such investor relations engagement efforts may include meetings with investors or visits to the Group's plants or other places of operations.

The Notice of the AGM is advertised in the local press. All shareholders of the Company will receive a copy of the Annual Report and the Notice of AGM. A shareholder who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50, of Singapore (the "Companies Act")) may vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder of the Company.

Relevant intermediary (as defined in Section 181 of the Companies Act) provides that corporation, person or the Central Provident Fund Board that provide nominee or custodial services may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting.

At the AGM, shareholders are given opportunities to express their views and ask the Board and Management questions regarding the operations of the Group. The Chairmen of the ARMC, RC and NC will normally be present at the AGM to answer any questions relating to the work of their respective committees. The external auditors are also present to assist the Directors in addressing any relevant queries on the financial statements from the shareholders.

Shareholders are given opportunities to participate effectively and to vote at the AGM and general meetings. At the AGM or other general meetings, separate resolutions will be set out as distinct issues for approval by shareholders. All resolutions tabled at general meetings are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings will be made available to shareholders upon their request after the general meeting.

Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.asiatic.com.sg.

Investor relations policy

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Should the need arise, the Company will consider the appointment of a professional investor relations officer to manage the function. As the Company do not post a copy of the minutes of AGM in its website, shareholder(s) who wish to have a copy of the minutes can request them in writing to the Company Secretary.

Dividend policy

The Company does not have a fixed dividend policy. Dividend decisions are subject to review of the Group's financial performance, projected future capital needs and working capital requirements.

Taking into consideration the Group's working capital requirements for FY2020, no dividend has been proposed for declaration by the Board in respect of FY2019.

(E) DEALING IN SECURITIES

The Company has put in place an internal code on dealings with securities in accordance with Rule 1204(19) of the Catalist Rules, which has been issued to all Directors and employees, setting up the implications on insider trading. The internal code prohibits the dealing in securities of the Company by the listed issuer, its officers and employees whilst in possession of price-sensitive information, and during the period beginning one month before the announcement of the half yearly and full year results, and ending on the date of the announcement.

Directors are required to report securities dealings to the Company Secretary who will assist to make the required announcements. In addition, Directors and employees are reminded to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

(F) INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are reviewed and approved by the ARMC, and are conducted at arm's length basis. There were no interested person transactions of S$100,000 and above entered into for FY2019.

Transactions under review but not subject to disclosure pursuant to Rule 907 of the Catalist Rules are as follows:

(a) The bond interest due to Mr Lee Fang Wen amounting to S$8,000 in FY2019. These payments are in accordance to the Guaranteed Bond Agreement(1) of which Mr Lee is a subscriber up to 19 March 2019 when the Guaranteed Bond was fully redeemed.

(b) The bond interest due to Mr Lim Boon Hock Bernard and the Lim Associates(1) amounting to S$92,000 in accordance to the Non-Guaranteed Bond Agreement(1) in FY2019 up to 19 March 2019 when the Non-Guaranteed Bond was redeemed.

(c) The bond interest due to Mr Tan Ah Kan @ Tan Kow La amounting to S$48,000 in accordance to the Non-Guaranteed Bond Agreement(1) in FY2019 and was extended up to 19 March 2020.

Note:

1. All capitalized terms used, unless otherwise defined herein, have the meaning ascribed to them in the Company's SGXNet announcements on 18 March 2014, 19 March 2014, 16 March 2017 and 19 March 2019. The Company has made an announcement on 19 March 2019 in respect of the extension of the Non-Guaranteed Bond of Mr Tan Ah Kan @ Tan Kow La until 19 March 2020 and at the same time, the redemption of the entire Guaranteed Bond and partially the Non-Guaranteed Bond.

(G) MATERIAL CONTRACTS

Save for the interested person transactions as described in paragraph (F) above, which includes the Guaranteed Bonds Extension Agreement(1) in which Mr Lee Fang Wen had entered into as a Guarantee Bonds Subscriber(1), there is no material contract entered into between the Company and its subsidiaries involving the interests of the Managing Director, any Director or controlling shareholder of the Company which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year. The Guaranteed Bonds held by Mr Lee Fang Wen was fully redeemed on 19 March 2019.

(H) NON-SPONSOR FEES (RULE 1204(21))

There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., in FY2019.

(I) SUSTAINABILITY REPORTS

The Group recognises that embracing sustainable practices is a business priority that is important for the development and success of our business and has issued our first sustainability report on 29 March 2019 and uploaded the same via SGX website. Our second sustainability report for FY2019 was issued and uploaded on SGX website on 29 August 2019.

(J) USE OF PROCEEDS (RULE 1204(5)(F) AND (22))

As at the date of this annual report, the proceeds raised from the subscription of 233 million shares amounting to S$3.77 million have been fully utilised as follows:

Intended use	**Amount raised (S$' million)**	**Amount utilised (S$' million)**	**Balance (S$' million)**
Reducing Group's debts and payables	2.20	2.20	0.00
Investment in new projects	0.60	0.60	0.00
Working capital requirements*	0.97	0.97*	0.00
Total	3.77	3.77	0.00

* Breakdown of working capital requirements

- Purchases of raw materials	S$0.76 million
- Payment of trade payables	S$0.21 million

The above utilisations are in accordance with the intended use of the net proceeds and percentage allocated, as stated in the announcement dated 12 October 2018.

The requirements under Rule 720(5) of the Catalist Rules are set out below:

Date of Appointment	1 September 2018
Date of last re-appointment (if applicable)	Not applicable
Name of person	Chia Soon Hin William
Age	66
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Mr Chia's experience and contribution, the Nominating Committee has recommended that Mr Chia be re-elected as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive and Independent Director. Chairman of Remuneration Committee. Member of Audit Committee and Nominating Committee.
Professional qualifications	● Chartered Secretary and Associate of the Governance Institute of Australia ● Fellow of the Chartered Institute of Marketing UK ● Associate of the Chartered Institute of Bankers UK ● Member of the London Institute of Banking & Finance ● IBF Fellow of the Institute of Banking and Finance Singapore
Working experience and occupation(s) during the past 10 years	(1) **Sep 2015 - Present** Independent Director, Ley Choon Group Holdings Ltd (2) **2015 - 2016** Director, MBZ International Exchange Pte Ltd (3) **Oct 2014 - Present** Managing Director, Xie Capital Pte Ltd (4) **Oct 2014 - Present** Managing Director, Mitsuba Japanese Restaurant Pte Ltd (5) **Mar 2011 - Oct 2014** Executive Director, Group Commercial Banking, UOB Group Ltd (6) **Mar 2008 - Mar 2011** Senior Vice President Band 7, UOB Group Ltd
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	Nil
Past (for the last 5 years)	**2015-2016** MBZ International Exchange Pte Ltd
Present	**Sep 2015 - Present** Ley Choon Group Holdings Ltd **Oct 2014 - Present** Xie Capital Pte Ltd **Oct 2014 - Present** Mitsuba Japanese Restaurant Pte Ltd
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of an issuer listed on the Exchange?	NA
If yes, please provide details of prior experience.	NA
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	NA
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	NA

Directors’ Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Asiatic Group (Holdings) Limited (the “Company”) and its subsidiaries (collectively the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended on that date, and

(b) 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 the assumption that, as stated in Note 2.2 to the financial statements, the Group will receive continued financial support from banks and will be able to generate positive cash flows from operations for a period of 12 months from the date these financial statements were approved.

Directors

The directors of the Company in office at the date of this statement are:

Tay Kah Chye	
Tan Boon Kheng	
Tan Boon Siang	
Lee Fang Wen	
Chia Soon Hin William	(Appointed on 1 September 2018)

Arrangements to enable directors to acquire shares and debentures

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 or debentures of the Company or any other body corporate.

Directors’ interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors’ shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Direct interest		**Deemed interest**	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Tay Kah Chye	1,600,000	1,600,000	–	–
Tan Boon Kheng	106,656,004	119,156,004	–	–
Tan Boon Siang	62,872,000	68,872,000	–	–
Lee Fang Wen	–	–	184,000	184,000

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2019.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related companies, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options and performance shares

Asiatic Share Option Scheme

The Asiatic Share Option Scheme (the "Scheme") was approved and adopted by the members of the Company at the Extraordinary General Meeting held on 25 July 2008. The Scheme is administered by the members of the Remuneration Committee (the "Committee"). Under the Scheme, selected employees and directors of the Group are eligible to participate at the discretion of the Committee. Controlling Shareholders and their associates (as defined in the Listing Manual of the SGX-ST Section B: Rules of the Catalist of the SGX-ST (the "Catalist Rules")) shall not participate in the Scheme. The Scheme has expired on 25 July 2018. The other information regarding the Scheme is disclosed in Note 26 to the financial statements.

Since the commencement of the Scheme until its expiration on 25 July 2018, no options have been granted.

Asiatic Performance Share Plan

The Asiatic Performance Share Plan (the "Plan") was approved and adopted by the members of the Company at the Extraordinary General Meeting held on 15 August 2013. The Plan is administered by the members of the Remuneration Committee (the "Committee"). Under the Plan, all Group employees including Controlling Shareholders and their associates are eligible to participate at the discretion of the Committee. The other information regarding the Plan is disclosed in Note 26 to the financial statements.

No share has been awarded to any directors or participants who are controlling shareholders and their associates under the Plan since adoption and for FY2019.

No shares has been awarded to any directors or participants who are controlling shareholders and their associates, which, in aggregate, represent five per centum (5%) or more of the aggregate number of new shares available under the Plan and as such, no vesting of shares has taken place.

Audit Committee ("AC")

The AC carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the financial and operating results and accounting policies of the Group;
- reviewed with the external auditors the audit plan and their evaluation of the system of internal accounting controls and monitor Management's response and actions to correct any noted deficiencies;
- reviewed the internal audit plan and findings of the internal auditors;
- evaluated the effectiveness of both the internal and external audit efforts through regular meetings;
- determined that no unwarranted management restrictions are being placed upon either the internal or external auditors;

Audit Committee ("AC") (cont'd)

- reviewed the financial statements with Management and external auditors for submission to the Board;
- reviewed Interested Person Transactions;
- reviewed the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC shall keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- recommended to the Board the appointment, or re-appointment and removal of the external auditors;
- reviewed the interim and annual announcements of financial results of the Group before submission to the Board for approval;
- met with the external auditors without the presence of the Company's Management, at least annually;
- reviewed the independence of the external auditors annually; and
- undertook such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC, having reviewed the non-audit services provided by the external auditors to the Group, is satisfied that the independence of the external auditors is not compromised. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors

Tay Kah Chye Director	Tan Boon Kheng Director

Singapore
29 August 2019

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We have audited the financial statements of Asiatic Group (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

As disclosed in Note 2.2, the Group incurred a net loss after tax of $19,980,000 and had incurred cash outflow from operating activities of $902,000 for the year ended 31 March 2019. As at that date, the Group's current liabilities (which includes loan and borrowings of $22,533,000) exceeded the Group's current assets by $19,647,000 and the Company's current liabilities exceeded the Company's current assets by $7,778,000. As further disclosed in Note 24, a subsidiary of the Group did not meet its financial covenants on certain banking facilities. These conditions and events indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.2 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the use of the going concern assumption adopted in the preparation of the financial statements.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matter referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Po Hsiong Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

29 August 2019

Consolidated
Income Statement

For the financial year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Revenue			
Sale of goods		12,605	12,760
Sale of services		25,061	25,297
		37,666	38,057
Other income	4	402	244
Costs and expenses			
Cost of sales		(25,925)	(24,459)
Foreign exchange (loss)/gain		(73)	161
Staff costs		(5,703)	(5,873)
Depreciation of property, plant and equipment	9	(2,596)	(1,929)
Impairment on financial assets		(9,939)	–
Fair value loss on other investment		(3,140)	–
Other operating expenses		(7,104)	(2,872)
Share of results of associates	11	(2,319)	(654)
(Loss)/profit from operating activities	5	(18,731)	2,675
Finance costs	6	(755)	(797)
(Loss)/profit before tax		(19,486)	1,878
Income tax expense	7	(494)	(463)
(Loss)/profit for the year		(19,980)	1,415
Attributable to:			
Owners of the Company		(20,000)	923
Non-controlling interest		20	492
(Loss)/profit for the year		(19,980)	1,415
Earnings per share (cent per share)			
Basic	8	(1.40)	0.07
Diluted	8	(1.40)	0.07

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of
Comprehensive Income

For the financial year ended 31 March 2019

	2019 $'000	2018 $'000
(Loss)/profit for the year	(19,980)	1,415
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	1,323	(2,511)
Fair value changes on other investment	–	3
Share of other comprehensive income of associate	64	(308)
Other comprehensive income for the year, net of tax	1,387	(2,816)
Total comprehensive income for the year	(18,593)	(1,401)
Attributable to:		
Owners of the Company	(18,789)	(1,561)
Non-controlling interest	196	160
Total comprehensive income for the year	(18,593)	(1,401)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance **Sheets**

As at 31 March 2019

	Note	Group			Company		
		31 Mar 2019 $'000	**31 Mar 2018 $'000**	**1 Apr 2017 $'000**	**31 Mar 2019 $'000**	**31 Mar 2018 $'000**	**1 Apr 2017 $'000**
Non-current assets							
Property, plant and equipment	9	59,102	59,549	64,489	1	1	1
Investment in subsidiaries	10	–	–	–	48,892	38,133	38,133
Investment in associates	11	–	5,053	–	–	–	–
Amount due from associates	18	10,179	17,271	–	–	–	–
Goodwill	12	175	175	175	–	–	–
Other investments	13	1,522	4,637	4,328	–	–	–
		70,978	86,685	68,992	48,893	38,134	38,134
Current assets							
Inventories	14	3,979	3,124	3,956	–	–	–
Trade receivables	15	8,132	6,460	5,585	–	–	–
Other receivables	16	736	870	1,009	–	–	–
Prepayments		995	1,182	1,129	27	15	7
Construction in progress		–	–	7,188	–	–	–
Amounts due from subsidiaries	17	–	–	–	–	25,151	25,166
Amounts due from associates	18	–	78	15,278	–	–	–
Cash and short-term deposits	19	1,166	1,456	2,074	23	40	42
		15,008	13,170	36,219	50	25,206	25,215
Current liabilities							
Trade payables	20	7,029	4,799	7,387	–	–	–
Other payables and accruals	21	4,297	3,238	4,744	301	286	377
Amounts due to subsidiaries	17	–	–	–	6,390	6,453	6,412
Hire purchase creditors	22	84	59	63	–	–	–
Loans and borrowings	24	22,533	24,672	20,400	1,137	2,200	–
Provision for taxation		712	455	430	–	–	–
		34,655	33,223	33,024	7,828	8,939	6,789
Net current (liabilities)/assets		(19,647)	(20,053)	3,195	(7,778)	16,267	18,426
Non-current liabilities							
Amount due to a related company	23	(3,193)	(3,227)	(3,819)	–	–	–
Hire purchase creditors	22	(194)	(161)	(220)	–	–	–
Loans and borrowings	24	–	(513)	(4,016)	–	–	(2,200)
Deferred tax liabilities	25	(47)	(47)	(47)	–	–	–
Net assets		47,897	62,684	64,085	41,115	54,401	54,360
Equity attributable to owners of the Company							
Share capital	26	50,585	46,757	46,757	50,585	46,757	46,757
Revenue reserve		(8,069)	11,996	11,073	(9,470)	7,644	7,603
Foreign currency translation reserve	27	(1,274)	(2,487)	–	–	–	–
Fair value reserve	28	–	(41)	(44)	–	–	–
		41,242	56,225	57,786	41,115	54,401	54,360
Non-controlling interests		6,655	6,459	6,299	–	–	–
Total equity		47,897	62,684	64,085	41,115	54,401	54,360

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of
Changes in Equity

For the financial year ended 31 March 2019

	Attributable to equity holders of the Company						
Group	**Share capital (Note 26) $'000**	**Revenue reserve $'000**	**Foreign currency translation reserve (Note 27) $'000**	**Fair value reserve (Note 28) $'000**	**Total equity attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2019							
Opening balance at 1 April 2018 (FRS Framework)	46,757	14,128	(4,619)	(41)	56,225	6,459	62,684
Cumulative effects of adopting SFRS(I) 1 (Note 2.3)	–	(2,132)	2,132	–	–	–	–
Cumulative effects of adopting SFRS(I) 9 (Note 2.3)	–	(65)	2	41	(22)	–	(22)
Opening balance at 1 April 2018 (SFRS(I) Framework)	46,757	11,931	(2,485)	–	56,203	6,459	62,662
Loss for the year	–	(20,000)	–	–	(20,000)	20	(19,980)
Other comprehensive income							
Foreign currency translation	–	–	1,147	–	1,147	176	1,323
Share of other comprehensive income of associate	–	–	64	–	64	–	64
Total comprehensive income for the year	–	(20,000)	1,211	–	(18,789)	196	(18,593)
Issuance of shares	3,828	–	–	–	3,828	–	3,828
Closing balance at 31 March 2019	50,585	(8,069)	(1,274)	–	41,242	6,655	47,897
2018							
Opening balance at 1 April 2017 (FRS Framework)	46,757	13,205	(2,132)	(44)	57,786	6,299	64,085
Cumulative effects of adopting SFRS(I) 1 (Note 2.3)	–	(2,132)	2,132	–	–	–	–
Opening balance at 1 April 2017 (SFRS(I) Framework)	46,757	11,073	–	(44)	57,786	6,299	64,085
Profit for the year	–	923	–	–	923	492	1,415
Other comprehensive income							
Foreign currency translation	–	–	(2,179)	–	(2,179)	(332)	(2,511)
Fair value changes of available-for-sale investment	–	–	–	3	3	–	3
Share of other comprehensive income of associate	–	–	(308)	–	(308)	–	(308)
Total comprehensive income for the year	–	923	(2,487)	3	(1,561)	160	(1,401)
Closing balance at 31 March 2018	46,757	11,996	(2,487)	(41)	56,225	6,459	62,684

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 March 2019

Company	**Share capital (Note 26)** **$'000**	**Revenue reserve** **$'000**	**Total equity** **$'000**
Opening balance at 1 April 2018	46,757	7,644	54,401
Loss for the year, representing total comprehensive income for the year	–	(17,114)	(17,114)
Issuance of shares	3,828	–	3,828
Closing balance at 31 March 2019	50,585	(9,470)	41,115
Opening balance at 1 April 2017	46,757	7,603	54,360
Profit for the year, representing total comprehensive income for the year	–	41	41
Closing balance at 31 March 2018	46,757	7,644	54,401

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated
Cash Flow Statement

For the financial year ended 31 March 2019

	2019 $'000	2018 $'000
Operating activities		
(Loss)/profit before tax	(19,486)	1,878
Adjustments for:		
Depreciation of property, plant and equipment	2,596	1,929
Interest expense	755	797
Write back of allowance for doubtful debts, net	–	(20)
Impairment on net investment in associate	2,586	–
Impairment on financial asset	9,939	–
Fair value loss on other investment	3,140	–
Gain on disposal of property, plant and equipment	(3)	–
Interest income	(29)	(15)
Write back for stock obsolescence, net	–	(34)
Currency alignment	50	(477)
Share of results of associates	2,319	654
Operating cash flows before changes in working capital	1,867	4,712
Changes in working capital		
(Increase)/decrease in inventories	(855)	866
Increase in trade and other receivables	(630)	(766)
Increase in amount due from associates	(3,611)	(2,071)
Increase/(decrease) in trade and other payables	3,289	(4,797)
Decrease in construction in progress	–	2,135
Cash flows generated from operations	60	79
Interest received	29	15
Interest paid	(755)	(748)
Income taxes paid	(236)	(439)
Net cash flows used in operating activities	(902)	(1,093)
Investing activities		
Purchases of property, plant and equipment (Note 9)	(453)	(443)
Proceeds from sale of property, plant and equipment	37	–
Net cash flows used in investing activities	(416)	(443)
Financing activities		
Net proceeds from issuance of shares	3,828	–
Redemption of non-convertible bonds	(1,700)	(17)
Proceeds from issuance of shareholder loan	500	–
Proceeds from/(repayment of) trust receipts and short-term borrowings	607	(2,744)
Repayment of interest bearing term loans	(2,070)	3,035
Increase in fixed deposits pledged	(48)	(255)
Repayment under hire-purchase contracts	(81)	(63)
Net cash flows generated from/(used in) financing activities	1,036	(44)
Net decrease in cash and cash equivalents	(282)	(1,580)
Effect of exchange rate changes on cash and cash equivalents	40	(69)
Cash and cash equivalents at beginning at 1 April	(2,604)	(955)
Cash and cash equivalents at 31 March (Note 19)	(2,846)	(2,604)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Asiatic Group (Holdings) Limited (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 65 Joo Koon Circle, Singapore 629078.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The Group mainly operates in Singapore, Cambodia and Malaysia.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRS”). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.3 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (“SGD” or “$”) and all values in the tables are rounded to the nearest thousand (“$’000”), except when otherwise indicated.

2.2 Fundamental accounting concept

For the year ended 31 March 2019, the Group incurred a net loss after tax of $19,980,000 (31 March 2018: profit after tax of $1,415,000) and cash outflow from operating activities of $902,000 (31 March 2018: $1,093,000). As at 31 March 2019, the Group’s current liabilities (which includes loan and borrowings of $22,533,000) exceeded the Group’s current assets by $19,647,000 (31 March 2018: $20,053,000) and the Company’s current liabilities exceeded the Company’s current assets by $7,778,000 (31 March 2018: net current assets of $16,267,000). As disclosed in Note 24, a subsidiary of the Group did not meet its financial covenants on certain banking facilities. These conditions and events indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and Company to continue as a going concern.

In the opinion of the directors, the Group and Company are able to continue as a going concern despite the conditions stated above as the directors are confident that the Group will continue to receive financial support from the banks. As further disclosed in Note 24, the Group has commenced discussion with the bank to waive the financial covenants that was not met. In addition, the Group will be able to generate positive cash flows from operations. Further the Group expects the operations at Maju Intan Biomass Energy Sdn Bhd (“MJE”) to stabilise following the overhaul of the turbine in the current financial year and MJE is currently in negotiations with the bank to restructure existing loans which will also improve the liquidity of MJE.

2. Summary of significant accounting policies (cont'd)

2.2 Fundamental accounting concept (cont'd)

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets of the Group and Company. In addition, the Group and Company may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 *First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")*

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 April 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 April 2017. As a result, an amount of $2,132,000 was adjusted against the opening retained earnings as at 1 April 2017.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *First-time adoption of SFRS(I) (cont'd)*

SFRS(I) 9 *Financial Instruments*

On 1 April 2018, the Group adopted SFRS(I) 9, which is effective for annual periods beginning on or after 1 April 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

(a) Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9.

For unquoted convertible bonds that were previously classified as held to maturity and measured at cost are now remeasured at FVPL under SFRS(I) 9. The impact arising from this change resulted in an increase in carrying value of $115,000 to the unquoted convertible bonds with a corresponding increase to revenue reserve as at 1 April 2018.

For key-man insurance product that was previously measured at FVOCI is now measured at FVPL. As a result of the change in measurement of the key-man insurance product, the fair value adjustment reserve of $41,000 was transferred to revenue reserve as at 1 April 2018.

(b) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group recognised an additional impairment on the Group's trade receivables of $137,000 with a corresponding decrease in revenue reserve as at 1 April 2018.

(c) Tax adjustments

There was no material tax impact arising from the adoption of SFRS(I) 9.

2. Summary of significant accounting policies (cont'd)

2.3 *First-time adoption of SFRS(I) (cont'd)*

SFRS(I) 9 *Financial Instruments* *(cont'd)*

The Group has assessed which business model apply to the financial assets held by the Group at 1 April 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects, before tax impact are as follows:

	Group						
	FRS 39 carrying amount on 31 March 2018	**Re-classifications**	**Re-measurement**	**SFRS(I) 9 carrying amount on 1 April 2018**	**Retained earnings effect on 1 April 2018**	**Translation effect on 1 April 2018**	**Fair value reserve effect on 1 April 2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At amortised cost	30,611	–	–	30,611	–	–	–
Reclassified to FVPL	–	(4,476)	–	(4,476)	–	–	–
Impairment loss on trade receivables	–	–	(137)	(137)	(137)	–	–
Amortised cost balances, reclassifications, and remeasurements at 1 April 2018	30,611	(4,476)	(137)	25,998	(137)	–	–
FVPL	–	–	–	–	–		–
Reclassified from amortised cost	–	4,476	115	4,591	113	2	–
Reclassified from FVOCI	–	161	–	161	–	–	–
FVPL balances, reclassifications and remeasurements at 1 April 2018	–	4,637	115	4,752	113	2	–
FVOCI	161	–	–	161	–	–	(41)
Reclassified to FVPL	–	(161)	–	(161)	(41)	–	41
FVOCI balances, reclassifications and remeasurements at 1 April 2018	161	(161)	–	–	(41)	–	–

The initial application of SFRS(I) 9 does not have any reclassification effect to the Company's financial statements.

Impairment

The reconciliation for loss allowances for the Group are as follows:

	Trade receivables $'000
Opening loss allowance as at 1 April 2018	29
Amount restated through opening retained earnings	137
Adjusted loss allowance	166

The initial application of SFRS(I) 9 does not have any effect to the Company's loss allowance.

2. Summary of significant accounting policies (cont'd)

2.3 *First-time adoption of SFRS(I) (cont'd)*

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 April 2018. The Group is in the business of sales of fire-fighting equipment, sales of electricity, rendering of maintenance services and construction. The Group has assessed that there is no significant impact arising from the adoption of SFRS(I) 15.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 April 2017 to the balance sheet of the Group.

	1 April 2017		
	FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) framework $'000
Non-current assets			
Property, plant and equipment	64,489	–	64,489
Investment in associates	–	–	–
Goodwill	175	–	175
Other investments	4,328	–	4,328
	68,992	–	68,992
Current assets			
Inventories	3,956	–	3,956
Trade receivables	5,585	–	5,585
Other receivables	2,138	–	2,138
Construction in progress	7,188	–	7,188
Amount due from associates	15,278	–	15,278
Fixed deposits	2,074	–	2,074
	36,219	–	36,219
Current liabilities			
Trade payables	7,387	–	7,387
Other payables and accruals	4,744	–	4,744
Loans and borrowings	20,400	–	20,400
Hire purchase creditors	63	–	63
Provision for taxation	430	–	430
	33,024	–	33,024
Net current assets	3,195	–	3,195
Non-current liabilities			
Amount due to a related company	(3,819)	–	(3,819)
Hire purchase creditors	(220)	–	(220)
Loans and borrowings	(4,016)	–	(4,016)
Deferred tax liabilities	(47)	–	(47)
	(8,102)	–	(8,102)
Net assets	64,085	–	64,085
Equity attributable to owners of the Company			
Share capital	46,757	–	46,757
Revenue reserve	13,205	(2,132)	11,073
Foreign currency translation reserve	(2,132)	2,132	–
Fair value reserve	(44)	–	(44)
	57,786	–	57,786
Non-controlling interests	6,299	–	6,299
Total equity	64,085	–	64,085

2. Summary of significant accounting policies (cont'd)

2.3 *First-time adoption of SFRS(I) (cont'd)*

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 March 2018 and 1 April 2018 to the balance sheet of the Group.

	31 March 2018			1 April 2018	
	FRS framework $'000	**SFRS(I) 1 adjustments $'000**	**SFRS(I) framework $'000**	**SFRS(I) 9 adjustments $'000**	**SFRS(I) framework $'000**
Non-current assets					
Property, plant and equipment	59,549	–	59,549	–	59,549
Investment in associates	5,053	–	5,053	–	5,053
Goodwill	175	–	175	–	175
Amount due from associates	17,271	–	17,271	–	17,271
Other investments	4,637	–	4,637	115	4,752
	86,685	–	86,685	115	86,800
Current assets					
Inventories	3,124	–	3,124	–	3,124
Trade receivables	6,460	–	6,460	(137)	6,323
Other receivables	2,052	–	2,052	–	2,052
Construction in progress	–	–	–	–	–
Amount due from associates	78	–	78	–	78
Fixed deposits	605	–	605	–	605
Cash and bank balances	851	–	851	–	851
	13,170	–	13,170	(137)	13,033
Current liabilities					
Trade payables	4,799	–	4,799	–	4,799
Other payables and accruals	3,238	–	3,238	–	3,238
Bank overdraft	3,455	–	3,455	–	3,455
Amount due to subsidiary	–	–	–	–	–
Loans and borrowings	21,217	–	21,217	–	21,217
Hire purchase creditors	59	–	59	–	59
Provision for taxation	455	–	455	–	455
	33,223	–	33,223	–	33,223
Net current liabilities	(20,053)	–	(20,053)	(137)	(20,190)
Non-current liabilities					
Hire purchase creditors	(161)	–	(161)	–	(161)
Amount due to related company	(3,227)	–	(3,227)	–	(3,227)
Loans and borrowings	(513)	–	(513)	–	(513)
Deferred taxation	(47)	–	(47)	–	(47)
	(3,948)	–	(3,948)	–	(3,948)
Net assets	62,684	–	62,684	(22)	62,662
Equity attributable to owners of the Company					
Share capital	46,757	–	46,757	–	46,757
Revenue reserve	14,128	(2,132)	11,996	(65)	11,931
Foreign currency translation reserve	(4,619)	2,132	(2,487)	2	(2,485)
Fair value reserve	(41)	–	(41)	41	–
	56,225	–	56,225	(22)	56,203
Non-controlling interest	6,459	–	6,459	–	6,459
Total equity	62,684	–	62,684	(22)	62,662

The adoption of SFRS(I) does not have any impact to the other comprehensive income of the Group for the year ended 31 March 2018 and balance sheet of the Company as at 1 April 2017, 31 March 2018 or 1 April 2018.

2. Summary of significant accounting policies (cont'd)

2.4 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
SFRS(I) 16 *Leases*	1 January 2019
Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28: Long-term interests in Associates and Joint Ventures	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 April 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information and expects that the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities, EBITDA and gearing ratio. The assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2020.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Summary of significant accounting policies (cont'd)

2.7 Foreign currency (cont'd)

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at each balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at each balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of each balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment (cont'd)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold factory buildings	-	60 years
Power plant	-	10 to 50 years
Motor vehicles	-	5 years
Office equipment, computers, furniture and fittings	-	3 to 10 years
Plant and machinery	-	5 years
Renovations	-	3 to 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

2. Summary of significant accounting policies (cont'd)

2.12 Associates (cont'd)

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due with no recent transactions. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Government grants

Government grants are recognised when 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.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”. Alternatively, they are deducted in reporting the related expenses.

2.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.20 Borrowing costs

Borrowing costs 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 Employee benefits

Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.22 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from rendering of services are recognised over time and is accounted for on a straight-line basis over the contract period as it best represents the pattern of benefits derived from the services contract by the customers. During the year, the Group's sales of service were generated from its maintenance services performed on its fire-fighting equipment.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income arising from operating leases on equipment is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the balance sheet date, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.24 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expense

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.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated 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 end of each balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Provision for expected credit losses of trade receivables and amounts due from associates

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Group computes ECL for amounts due from associates using the probability of default approach, which takes into consideration the implied probability of default from external rating agencies for similar counterparties and other macroeconomic data such as central bank base rates and country risk. At every reporting date, the probability of default is updated and changes in macroeconomic data are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and amounts due from associates is disclosed in Note 15 and Note 18 respectively.

The carrying amount of trade receivables and amounts due from associates as at 31 March 2019 are $8,132,000 and $10,179,000 (31 March 2018: $6,460,000 and $17,349,000, 1 April 2017: $5,585,000 and $15,278,000) respectively.

(ii) Valuation of the convertible bonds

The Group engaged a third-party valuer to assess the fair value of the convertible bonds which amounted to $1,361,000 as at 31 March 2019. The debt component of the convertible bonds was valued using the discounted cash flow method while the derivative component of the convertible bonds was valued using the Binomial Option Pricing model. The key assumptions applied in the determination of the fair value of the convertible bonds are disclosed and further explained in Note 33 to the financial statements.

4. Other income

	Group	
	2019	**2018**
	$'000	**$'000**
Interest income	29	15
Special employment credit	21	17
SME cash grants	–	2
Sale of fuel and lubricant oil	278	–
Others	74	210
	402	244

5. (Loss)/profit from operating activities

The following items have been included in arriving at (loss)/profit from operating activities:

	Group	
	2019	**2018**
	$'000	**$'000**
Audit fees payable to:		
- Auditors of the Company	(115)	(100)
- Other auditors	(22)	(17)
Non-audit fees payable to:		
- Auditors of the Company	(20)	–
Write back of allowance for doubtful debts, net (Note 15)	–	20
Write back for stock obsolescence, net (Note 14)	–	34
Impairment on investment in associate	(2,586)	–
Contributions to defined contribution plans	(320)	(324)
Insurance	(222)	(287)
Inventories recognised as an expense in cost of sales (Note 14)	(13,465)	(9,826)
Legal fees	(135)	(64)
Other operating expenses:		
- Rental	(243)	(260)
- Travelling and transportation	(145)	(157)

6. Finance costs

	Group	
	2019	**2018**
	$'000	**$'000**
Interest expense on:		
- Bank loans	(714)	(753)
- Non-convertible bonds	(28)	(33)
- Hire purchase	(13)	(11)
	(755)	(797)

7. Income tax expense

The major components of taxation for the financial years ended 31 March 2019 and 2018 are:

	Group	
	2019 **$'000**	**2018** **$'000**
Consolidated income statement		
Current taxation	494	445
Under provision in respect of previous years	–	18
Tax expense recognised in profit or loss	494	463

Reconciliation of the statutory tax rate to the effective tax rate applicable to (loss)/profit before tax for the financial years ended 31 March 2019 and 2018 are as follows:

	Group	
	2019 %	**2018** %
Statutory tax rate	(17.0)	17.0
Tax effect on:		
Effect of different tax rates in foreign countries	(0.9)	4.3
Income not subjected to tax	–	(47.9)
Expenses that are not deductible for tax purposes	19.1	45.9
Effect of partial tax exemption and tax relief	(0.1)	(3.0)
Deferred tax assets not recognised	1.3	20.7
Utilisation of previously unrecognised deferred tax assets	–	(13.2)
Under/(over) provision in respect of previous years	–	1.0
Others	–	(0.1)
Effective tax rate	2.4	24.7

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

As at 31 March 2019, the Group has unutilised tax losses of approximately $4,708,000 (31 March 2018: $20,134,000) that are available for offset against future taxable profit of the companies in which the losses arose, for which no deferred tax asset has been recognised due to uncertainty of its recoverability. The use of these unutilised tax losses are subject to the agreement of the tax authorities and compliance with certain provision of the tax legislation of the respective countries in which the companies operate.

8. Earnings per share

Basic earnings per share amounts are calculated by dividing profit/(loss), net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit/(loss), net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	Group	
	2019	**2018**
	$'000	**$'000**
(Loss)/profit for the year attributable to owners of the Company	(20,000)	923
	No. of shares	
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted earnings per share computation*	1,423,891	1,324,463

* The weighted average number of shares takes into account the weighted average effect of potential common shares that may be converted during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

The basic and diluted earnings per share are calculated by dividing the profit/(loss) for the year attributable to owners of the Company by weighted average number of ordinary shares for basic earnings per share computation and weighted average number or ordinary shares for diluted earnings per share computation respectively. These profit and loss and share data are presented in table above.

9. Property, plant and equipment

Group	Leasehold factory buildings	Motor vehicles	Office equipment, computers, furniture and fittings	Plant and machinery	Renovations	Power plant [1]	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 April 2017	4,821	1,533	605	218	122	93,906	2,764	103,969
Additions	–	92	112	–	133	106	–	443
Translation	–	–	–	–	–	(5,736)	–	(5,736)
At 31 March 2018 and 1 April 2018	4,821	1,625	717	218	255	88,276	2,764	98,676
Additions	–	174	131	114	26	8	–	453
Transfer	–	–	–	–	–	2,764	(2,764)	–
Disposal	–	(313)	–	–	–	–	–	(313)
Translation	–	–	–	–	–	3,917	–	3,917
At 31 March 2019	4,821	1,486	848	332	281	94,965	–	102,733
Accumulated depreciation								
At 1 April 2017	1,320	988	410	172	97	36,493	–	39,480
Charge for the year	95	187	64	26	29	1,528	–	1,929
Translation	–	–	–	–	–	(2,282)	–	(2,282)
At 31 March 2018 and 1 April 2018	1,415	1,175	474	198	126	35,739	–	39,127
Charge for the year	95	176	81	30	42	2,172	–	2,596
Disposal	–	(279)	–	–	–	–	–	(279)
Translation	–	–	–	–	–	2,187	–	2,187
At 31 March 2019	1,510	1,072	555	228	168	40,098	–	43,631
Net book value								
At 1 April 2017	3,501	545	195	46	25	57,413	2,764	64,489
At 31 March 2018	3,406	450	243	20	129	52,537	2,764	59,549
At 31 March 2019	3,311	414	293	104	113	54,867	–	59,102

[1] Included in power plant is freehold land with carrying value of $3,453,000 (31 March 2018: $3,343,000, 1 April 2017: $3,560,000)

Assets held under finance leases

The carrying amount of motor vehicles held under finance leases at the end of the financial year was $284,000 (31 March 2018: $247,000, 1 April 2017: $322,000).

Leased assets are pledged as security for related finance lease liabilities.

Assets pledged as security

As at 31 March 2019, the Group's power plant and assets under construction with carrying amount of $51,357,000 (31 March 2018: $55,301,000, 1 April 2017: $60,177,000) are subject to a first charge to secure the bank loans (Note 24).

9. Property, plant and equipment (cont'd)

Assets pledged as security (cont'd)

In addition to assets held under finance leases, the Group's factory buildings with a carrying amount of $3,311,000 (31 March 2018: $3,406,000, 1 April 2017: $3,501,000) are mortgaged to secure the Group's bank loans (Note 24).

10. Investment in subsidiaries

	Company		
	31 Mar 2019 $'000	**31 Mar 2018 $'000**	**1 Apr 2017 $'000**
Shares, at cost	38,133	38,133	38,133
Amounts due from a subsidiary [(1)]	20,759	–	–
	58,892	38,133	38,133
Impairment loss	(10,000)	–	–
	48,892	38,133	38,133

[(1)] As at 31 March 2019, the Company entered into an agreement with a subsidiary that repayment of such amounts due from the subsidiary will be at the sole discretion of the subsidiary.

Impairment loss

Impairment of $10,000,000 (31 March 2018: $Nil, 1 April 2017: $Nil) made during the year relates to the Company's investment in a subsidiary that holds equity investment in energy related business in Malaysia.

(a) *Composition of the Group*

The subsidiaries as at 31 March are:

Name of company (Country of incorporation)	**Principal activities (Place of business)**	**Unquoted equity shares, at cost**			**Proportion (%) of ownership interest**		
		31 Mar 2019 $'000	**31 Mar 2018 $'000**	**1 Apr 2017 $'000**	**31 Mar 2019 %**	**31 Mar 2018 %**	**1 Apr 2017 %**
Held by the Company							
Asiatic Fire System Pte Ltd * (Singapore)	Supply, installation and maintenance of fire fighting and protection equipment (Singapore)	8,284	8,284	8,284	100	100	100
Colben System Pte Ltd * (Singapore)	Business of controlled power supply, engineering and procurement and construction in power generation projects and precision gear products (Singapore)	19,849	19,849	19,849	100	100	100
Colben Energy (Singapore) Pte Ltd * (Singapore)	Holding company for the Group's investments in energy related business in the region (Singapore)	10,000	10,000	10,000	100	100	100
		38,133	38,133	38,133			

10. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Proportion (%) of ownership interest 31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held by subsidiaries				
Colben Energy Holdings (Cambodia) Ltd # (British Virgin Islands)	Investment holding company (British Virgin Islands)	85	85	85
Colben Energy Holdings (PPSEZ) Ltd # (British Virgin Islands)	Investment holding company (British Virgin Islands)	95	95	95
Colben Energy Holdings (Vietnam) Ltd # (British Virgin Islands)	Investment holding company and construction of power generation facilities (British Virgin Islands)	100	100	100
Colben Energy Holdings (Maju Intan) Ltd # (British Virgin Islands)	Investment holding company and construction of power generation facilities (British Virgin Islands)	100	100	100
Colben Energy Holdings (Kemaman) Ltd # (British Virgin Islands)	Investment holding company (British Virgin Islands)	100	100	100
Colben Energy (Cambodia) Limited **+ (Cambodia)	Operate power plant (Cambodia)	85	85	85
Colben Energy (Cambodia) PPSEZ Limited **# # + (Cambodia)	Operate power plant (Cambodia)	49	49	49

* Audited by Ernst & Young LLP, Singapore

** Audited by BDO (Cambodia) Ltd, Cambodia

+ Audited by Ernst & Young LLP, Singapore for the purpose of consolidation of the Group

# Not required to be audited by the law of its country of incorporation

## Classified as subsidiary as the Company has effective control over the board of directors of this company

10. Investment in subsidiaries (cont'd)

(b) Interest in subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest			Profit allocated to NCI during the reporting period			Accumulated NCI at the end of the reporting period		
		31 Mar 2019	31 Mar 2018	1 Apr 2017	31 Mar 2019	31 Mar 2018	1 Apr 2017	31 Mar 2019	31 Mar 2018	1 Apr 2017
		%	%	%	$‘000	$‘000	$‘000	$‘000	$‘000	$‘000
Colben Energy (Cambodia) PPSEZ Limited	Cambodia	27[##]	27[##]	27[##]	199	283	289	6,408	6,067	6,059

[##] Due to a shareholder loan agreement which allows the conversion of shareholder's loan into shares, the effective proportion of ownership interest held by non-controlling interest is deemed to be at 27%.

(c) Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustment but before intercompany eliminations of subsidiaries with material non-controlling interest are as follows:

	Colben Energy (Cambodia) PPSEZ Limited		
	31 Mar 2019	31 Mar 2018	1 Apr 2017
	$’000	$’000	$’000
Summarised balance sheet			
Current:			
Assets	2,410	2,121	2,055
Liabilities	(34,634)	(35,658)	(40,241)
Net current liabilities	(32,224)	(33,537)	(38,186)
Non-current:			
Assets	52,907	52,984	58,197
Liabilities	(3,193)	(3,227)	(3,818)
Net non-current assets	49,714	49,757	54,379
Net assets	17,490	16,220	16,193

10. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiary with material NCI (cont'd)

	Colben Energy (Cambodia) PPSEZ Limited	
	31 Mar 2019 $'000	31 Mar 2018 $'000
Summarised statement of comprehensive income		
Revenue	15,007	16,711
Profit before income tax	949	1,322
Tax expenses	(211)	(275)
Profit after tax	738	1,047
Other comprehensive income	531	(1,019)
Total comprehensive income	1,269	28
Other summarised information		
Net cash flows from operations	2,568	35

11. Investment in associates

	Group		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Shares, at cost	3,744	3,765	3,765
Share of post-acquisition reserves	(8,055)	(5,758)	(3,765)
Transfer from construction in progress[1]	6,897	7,046	–
Impairment loss[2]	(2,586)	–	–
	–	5,053	–

[1] As at 31 March 2018, the Group in support of Maju Intan Biomass Energy Sdn. Bhd.'s ("MJE") efforts in improving the operating efficiency of the biomass plant, agreed to defer the collection of trade receivables from Maju Intan Biomass Energy Sdn. Bhd. ("MJE") till the cash flow of MJE permits. The Group also agreed to recover the unbilled amounts of construction in progress at the end of the project and accordingly capitalised it as cost of investment in associate.

[2] During the year, an impairment loss of $2,586,000 was recorded due to persistent losses recorded by MJE.

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			31 Mar 2019 %	31 Mar 2018 %	1 Apr 2017 %
Held through subsidiaries:					
Maju Intan Biomass Energy Sdn. Bhd. *	Malaysia	Operate power plant	30	30	30
Kemaman Biomass Power (M) Sdn. Bhd. *	Malaysia	Operate power plant	–	30	30

* Audited by Simon Khor & Co, Malaysia

11. Investment in associates (cont'd)

On 4 March 2019, the Group disposed its entire stake in Kemaman Biomass Power (M) Sdn. Bhd. of 150,000 ordinary shares, which represents 30% of the issued and paid-up share capital for a cash consideration of RM1.00 (approximately 33.20 Singapore cents) to How Su Lee, an independent third party.

The summarised financial information in respect of material associate, MJE, based on SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Maju Intan Biomass Energy Sdn. Bhd.		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Summarised balance sheet			
Current assets	1,103	2,611	1,330
Non-current assets	39,832	43,547	45,736
Total assets	40,935	46,158	47,066
Current liabilities	9,793	3,495	20,894
Non-current liabilities	44,445	48,371	29,404
Total liabilities	54,238	51,866	50,298
Net liabilities	(13,303)	(5,708)	(3,232)
Net liabilities	(13,303)	(5,708)	(3,232)
Proportion of the Group's ownership	30%	30%	30%
The Group's share of net liabilities[1]	(3,991)	(1,712)	(970)
Other adjustments	(320)	(281)	–
Transfer from construction in progress	6,897	7,046	970
Impairment loss	(2,586)	–	–
Carrying amount of the investment	–	5,053	–

	Maju Intan Biomass Energy Sdn. Bhd.	
	31 Mar 2019 $'000	31 Mar 2018 $'000
Summarised statement of comprehensive income		
Revenue	6,589	7,227
EBITDA[2]	1,229	2,556
Loss after tax	(7,923)	(2,152)
Other comprehensive income	213	(1,027)
Total comprehensive income	(7,710)	(3,179)

[1] As at 31 March 2019, the Group's accumulated share of post-acquisition reserves in MJE amounted to $8,055,000 (31 March 2018: $5,736,000), which is included in the "Share of post-acquisition reserves" line above. As at 1 April 2017, the Group's accumulated share of post-acquisition reserves in MJE amounted to $4,713,000, of which $970,000 was included in "Provision" (Note 21) as it exceeded the Group's cost of investment in MJE as at 1 April 2017. The Group continues to record the share of losses as it has obligation towards such losses.

[2] Operational earnings before interest expenses, income tax and depreciation.

12. Goodwill

	Group		
	31 Mar 2019	**31 Mar 2018**	**1 Apr 2017**
	$'000	**$'000**	**$'000**
Goodwill	175	175	175

Goodwill acquired through business combinations have been allocated to cash-generating unit ("CGU"), Colben System Pte Ltd ("Colben"), a subsidiary whose principal activities are to carry on the business as distributors and representatives of controlled power supply and precision gear products.

The Board of Directors has assessed that the goodwill allocated to the CGU is not significant and accordingly an assessment of the goodwill has not been performed.

13. Other investments

	Group		
	31 Mar 2019	**31 Mar 2018**	**1 Apr 2017**
	$'000	**$'000**	**$'000**
Non-current:			
At fair value through profit or loss			
- 12% p.a. convertible bonds (unquoted)	1,361	–	–
- key-man insurance product	161	–	–
Held-to-maturity investment			
- 12% p.a. convertible bonds (unquoted)	–	4,476	4,167
At fair value through other comprehensive income			
- key-man insurance product	–	161	161
	1,522	4,637	4,328

Convertible bonds

In 2010, the Group entered into a convertible bond agreement with the other shareholders of an associate, Maju Intan Biomass Energy Sdn. Bhd. ("MJE") in which the shareholders issued an aggregate principal amount of Malaysia Ringgit ("RM") 12 million 12% p.a. convertible bonds with maturity date on the twelve-anniversary date of the issue date at an issue price of 100% of the principal amount of the bonds. The convertible bonds are convertible into ordinary shares of the associate and/or new ordinary shares of the issuer only on certain events of redemption such as initial public offering and insolvency of the associate.

In 2017, the Group entered into a bond sale agreement with one of the bondholders, who held the convertible bonds of the other shareholders of MJE, to acquire RM1.2 million of the convertible bonds. The convertible bonds acquired have the same terms as the bonds acquired through the convertible bond agreement in 2010.

Interest is waived until the underlying project for which the proceeds of the bonds to be utilised is completed.

Key-man insurance product

The Group has entered into a life insurance policy with an insurance company to insure the director of a subsidiary. The Group paid upfront premiums for this policy and may surrender any time by filing a written request and receive cash based on the surrender value of the policy at the date of withdrawal, which is calculated by the insurer.

14. Inventories

	Group		
	31 Mar 2019 **$'000**	**31 Mar 2018** **$'000**	**1 Apr 2017** **$'000**
Balance sheet:			
Trading stocks, at cost	4,014	3,159	4,025
Less: Allowance for stock obsolescence	(35)	(35)	(69)
	3,979	3,124	3,956
Income statement:			
Inventories recognised as an expense in cost of sales	13,465	9,826	12,015
Write back for stock obsolescence, net	–	(34)	–

15. Trade receivables

	Group		
	31 Mar 2019 **$'000**	**31 Mar 2018** **$'000**	**1 Apr 2017** **$'000**
Trade receivables	8,392	6,489	5,634
Less: Impairment losses	(260)	(29)	(49)
	8,132	6,460	5,585

Trade receivables are non-interest bearing and are generally on 30 to 60-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $3,413,000 as at 31 March 2018 and $2,039,000 as at 1 April 2017 that are past due at the balance sheet date but not impaired. These trade receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	31 Mar 2018 **$'000**	**1 Apr 2017** **$'000**
Trade receivables past due:		
Less than 31 days	727	708
31 to 60 days	1,464	615
61 to 90 days	273	316
More than 91 days	949	400
	3,413	2,039

15. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment loss are as follows:

	Group Individually impaired	
	31 Mar 2018 $'000	**1 Apr 2017 $'000**
Trade receivables – nominal amounts	29	188
Less: Allowance for impairment	(29)	(49)
	–	139
Movement in allowance accounts:		
At 1 April	49	154
Charge for the year	29	49
Written back	(49)	(54)
Written off	–	(100)
At 31 March	29	49

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors who have delay in payments and indication of default on payments. These trade receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group 31 Mar 2019 $'000
Movement in allowance accounts:	
At 1 April	166
Charge for the year	94
At 31 March	260

Trade receivables denominated in foreign currencies at 31 March are as follows:

	Group		
	31 Mar 2019 $'000	**31 Mar 2018 $'000**	**1 Apr 2017 $'000**
United States Dollar	36	17	45

15. Trade receivables (cont'd)

	Group			Company		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Trade receivables	8,132	6,460	5,585	–	–	–
Other receivables (Note 16)	736	870	1,009	–	–	–
	8,868	7,330	6,594	–	–	–
Amounts due from subsidiaries (Note 17)	–	–	–	–	25,151	25,166
Amounts due from associates (Note 18)	10,179	17,349	15,278	–	–	–
Cash and short-term deposits (Note 19)	1,166	1,456	2,074	23	40	42
Total financial assets carried at amortised cost	20,213	26,135	23,946	23	25,191	25,208

16. Other receivables

	Group		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Deposits	13	183	230
Sundry debtors	723	687	779
	736	870	1,009

17. Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable in cash upon demand.

18. Amounts due from associates

	Group		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Amounts due from associates – nominal amounts			
- Current	–	78	15,278
- Non-current	19,933	17,271	–
Less: Allowance for impairment	(9,754)	–	–
	10,179	17,349	15,278
Movement in allowance accounts:			
At 1 April	–	–	–
Charge for the year	9,754	–	–
	9,754	–	–

The non-current amounts due from associate relates to unsecured trade receivables which is repayable when the cash flows of the associate permits. The non-current amounts will earn interest of 12.5% p.a. on amounts outstanding from FY2025 (Note 11).

19. Cash and short-term deposits

	Group			Company		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Cash at banks and on hand	513	851	1,725	23	40	42
Short-term deposits	653	605	349	–	–	–
Cash and short-term deposits	1,166	1,456	2,074	23	40	42

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between three and six months, depending on the immediate cash requirement of the Group and the Company, and earn interests at the respective short-term deposit rates. The fixed deposits have effective interest rate at 5.00% (31 March 2018: 5.00%) p.a.. Fixed deposits amounting to $653,000 (31 March 2018: $605,000, 1 April 2017: $349,000) are pledged to secure banking facilities granted to certain subsidiaries (Note 24).

Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	Group			Company		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
United States Dollar	453	443	1,317	13	13	13
Cambodian Riel	16	103	177	–	–	–

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of balance sheet date:

	Group		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Cash at banks and on hand	513	851	1,725
Short-term deposits	653	605	349
	1,166	1,456	2,074
Pledged short-term deposits	(653)	(605)	(349)
Bank overdrafts (Note 24)	(3,359)	(3,455)	(2,680)
	(2,846)	(2,604)	(955)

20. Trade payables

These amounts are non-interest bearing and are normally settled on 60-day terms.

Trade payables denominated in foreign currencies at 31 March are as follows:

	Group		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
United States Dollar	224	144	493
Euro	229	129	341
British Pound	74	45	60

20. Trade payables (cont'd)

	Group			Company		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Trade payables	7,029	4,799	7,387	–	–	–
Other payables and accruals (Note 21)	4,297	3,238	4,744	301	286	377
Less: Withholding tax payable (Note 21)	(1,464)	–	–	–	–	–
Less: Deferred income (Note 21)	(26)	(19)	(23)	–	–	–
Total trade and other payables at amortised cost	9,836	8,018	12,108	301	286	377

21. Other payables and accruals

	Group			Company		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Accruals	661	1,181	786	205	196	203
Deferred income	26	19	23	–	–	–
Sundry payables	1,244	1,060	1,603	96	90	174
Withholding tax payable	1,464	–	–	–	–	–
Provision	–	30	993	–	–	–
Advances from directors	902	948	1,339	–	–	–
	4,297	3,238	4,744	301	286	377

Advances from directors

Advances from directors are unsecured, non-interest bearing and repayable on demand.

Provision

Included in provision is the Group's accumulated share of post-acquisition reserves in MJE which had exceeded the cost of investment as at 1 April 2017 amounting to $970,000. The accumulated share of post-acquisition reserves relating to MJE has been included in cost of investment in associate as at 31 March 2018 and 31 March 2019.

22. Hire purchase creditors

The Group has finance leases for office equipment and motor vehicle and these expire over various dates till 2024 (31 March 2018: 2023, 1 April 2017: 2023).

Future lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group					
	Minimum payments 2019 $'000	**Present value of payments 2019 $'000**	**Minimum payments 2018 $'000**	**Present value of payments 2018 $'000**	**Minimum payments 2017 $'000**	**Present value of payments 2017 $'000**
Within 1 year	97	84	69	59	74	63
After 1 year but not more than 5 years	226	194	190	161	259	220
Total minimum lease payments	323	278	259	220	333	283
Less: Amounts representing finance charges	(45)	–	(39)	–	(50)	–
Present value of minimum payments	278	278	220	220	283	283

23. Amount due to a related company

Amount due to a related company (shareholder of a subsidiary) is non-trade in nature, unsecured, interest-free and not repayable within 12 months from the date of issue of these financial statements.

24. Loans and borrowings

		Group			Company		
	Maturity	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Current:							
Bank overdrafts (Note 19)	On demand	3,359	3,455	2,680	37	–	–
Term loans from banks	FY2020	15,443	16,920	12,839	–	–	–
Trust receipts	FY2020	2,412	1,782	4,541	–	–	–
Shareholder loan	FY2020	500	–	–	500	–	–
Non-convertible bonds							
- Guaranteed bonds	FY2020	219	715	340	–	400	–
- Non-guaranteed bonds	FY2020	600	1,800	–	600	1,800	–
		22,533	24,672	20,400	1,137	2,200	–
Non-current:							
Term loans from bank		–	513	1,816	–	–	–
Non-convertible bonds							
- Guaranteed bonds		–	–	400	–	–	400
- Non-guaranteed bonds		–	–	1,800	–	–	1,800
		–	513	4,016	–	–	2,200
Total loans and borrowings		22,533	25,185	24,416	1,137	2,200	2,200

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 9). The average discount rate implicit in the leases is 5.54% p.a. (31 March 2018: 6.02% p.a.).

Bank overdrafts

Bank overdrafts bear interest at 5.39% to 9.75% p.a. (31 March 2018: 5.75% to 9.75 p.a.), are repayable on demand and are secured by fixed deposits amounting to $653,000 (31 March 2018: $605,000, 1 April 2017: $349,000) (Note 19).

Term loans from banks

Term loans from banks bear interest ranging from 2.39% to 9.50% p.a. (31 March 2018: 2.14% to 9.50% p.a.) and are secured by first fixed charge over certain property, plant and equipment (Note 9) and corporate guarantee provided by the Company and certain subsidiaries.

Trust receipts

Trust receipts bear interest ranging from 2.73% to 5.16% p.a. (31 March 2018: 2.66% to 5.32% p.a.) and are secured by fixed deposits amounting to $653,000 (31 March 2018: $605,000) (Note 19), first fixed charge over certain property, plant and equipment (Note 9) and corporate guarantee provided by the Company and certain subsidiaries.

24. Loans and borrowings (cont'd)

Shareholder loan

On 20 March 2019, the Group received a loan of $500,000 from a shareholder that is non-interest bearing and unsecured. The loan is repayable on 20 March 2020.

Guaranteed bonds

As at 31 March 2019, the Group had non-convertible guaranteed bonds amounting to $119,000 and $100,000 which are due on 30 September 2019 and 30 April 2020 respectively (31 March 2018: $315,000 and $400,000 which are due on 30 April 2018 and 18 March 2019 respectively). These bonds bear interest of 10% (31 March 2018: 8% to 10%) p.a. which is payable semi-annually in arrears. The bonds are secured either by the Company, a subsidiary or a director of the Company. As at 31 March 2019, there is no early redemption option for the bonds (31 March 2018: the Group is entitled to the early redemption of non-convertible guaranteed bonds amounting to $400,000, in whole or in part, at 100.0% of its principal amount).

Non-guaranteed bonds

As at 31 March 2019, the Group had non-convertible bonds amounting to $600,000 which are due on 18 March 2020 (31 March 2018: $1,800,000 due on 18 March 2019). These bonds bear interest of 0% p.a. (31 March 2018: 8% p.a.) which is payable semi-annually in arrears. The Group is also entitled to the early redemption of these bonds, in whole or in part, at 100.0% of its principal amount.

As at 31 March 2019, a subsidiary did not meet certain financial covenants on certain banking facilities with a bank, of which the outstanding loans and borrowings amounted to $1,335,000. Management has commenced discussions with the bank to seek a waiver of the financial covenants that have not been met.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes		
	1 Apr 2018 $'000	Cash flows $'000	Foreign exchange movement $'000	Re-classification $'000	31 Mar 2019 $'000
Term loans from bank					
- Non-current	513	–	15	(528)	–
- Current	16,920	(2,070)	65	528	15,443
Trust receipts	1,782	607	23	–	2,412
Shareholder loan	–	500	–	–	500
Non-convertible bonds					
- Current	2,515	(1,700)	4	–	819
	21,730	(2,663)	107	–	19,174

24. Loans and borrowings (cont'd)

Non-guaranteed bonds (cont'd)

	1 Apr 2017	Cash flows	Non-cash changes Foreign exchange movement	Re-classification	31 Mar 2018
	$'000	$'000	$'000	$'000	$'000
Term loans from bank					
- Non-current	1,816	(2,444)	(111)	1,252	513
- Current	12,839	5,479	(146)	(1,252)	16,920
Trust receipts	4,541	(2,745)	(14)	–	1,782
Non-convertible bonds					
- Current	340	(17)	(8)	2,200	2,515
- Non-current	2,200	–	–	(2,200)	–
	21,736	273	(279)	–	21,730

25. Deferred tax liabilities

Deferred tax as at 31 March relates to the following:

	Group 31 Mar 2019	 31 Mar 2018	 1 Apr 2017
	$'000	$'000	$'000
Deferred tax liabilities			
Differences in depreciation for tax purposes	47	47	47

Unrecognised temporary differences relating to investments in subsidiaries and associates

As at 1 April 2017, 31 March 2018 and 31 March 2019, there are no unrecognised temporary differences relating to investments in subsidiaries as the Group has determined that the portion of the undistributed earnings of its subsidiaries that will be distributed in the foreseeable future to be insignificant.

26. Share capital

	Group and Company 2019 No. of shares	 2019 	 2018 No. of shares	 2018
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At 1 April	1,324,463	46,757	1,324,463	46,757
Issuance of new shares	232,000	3,828	–	–
At 31 March	1,556,463	50,585	1,324,463	46,757

On 26 October 2018, the Company issued 232,000,000 new ordinary shares at $0.0165 per share.

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 restrictions. The ordinary shares have no par value.

26. Share capital (cont'd)

The Asiatic Performance Share Plan 2013 (the "Plan")

On 15 August 2013, the shareholders approved the Asiatic Performance Share Plan (the "Plan") at the Extraordinary General Meeting. Participation in the Plan will not restrict eligible Group employees from the existing Asiatic Share Option Scheme.

The Plan shall continue in force for a maximum period of 10 years commencing from 15 August 2013, provided always that the Plan may continue beyond the stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The information regarding the Plan is as follows:

(a) All Group employees are eligible participants of the Plan to receive Awards, which represent the right to receive fully paid shares of the Company free of charge.

(b) The number of shares which may be vested is limited to the following:

  (i) The aggregate number of shares over which Awards may be granted, when added to the number of shares issued and issuable in respect of all Awards granted under the Plan shall not exceed 15% of the issued shares of the Company on the day preceding the grant of the Award.

  (ii) The aggregate number of Shares that are available to the Controlling Shareholders (defined generally as a person who holds directly or indirectly a shareholding of 15% of more of the Company's total number of issued shares) and their Associates shall not exceed 25% of the total number of shares available under the Plan.

  (iii) The number of shares that are available to each Controlling Shareholder or his Associate under the Plan shall not exceed 10% of the shares available under the Plan.

(c) The terms of the Award, including performance targets, performance period, number of shares to be vested and the date by which the Award shall be vested will be determined by the Remuneration Committee for each eligible participant.

(d) Awards will be vested by way of issue of new shares or the transfer of existing shares held as treasury shares.

From the date of approval of the Plan up to the financial year end, the Company has not granted any Awards to the employees.

The Asiatic Share Option Scheme 2008 (the "Scheme")

On 25 July 2008, the shareholders approved the Asiatic Share Option Scheme 2008 (the "Scheme") at the Extraordinary General Meeting.

The Scheme shall continue in force for a maximum period of 10 years commencing from 25 July 2008, provided always that the Scheme may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The information regarding the Scheme is as follows:

(a) The aggregate number of shares over which options may be granted, when added to the number of shares issued and issuable in respect of all options granted under the Scheme shall not exceed 15% of the issued shares of the Company on the day preceding the grant of the option.

26. Share capital (cont'd)

The Asiatic Share Option Scheme 2008 (the "Scheme") (cont'd)

(b) The Scheme has two categories of options, being the Market Price Option and the Incentive Option.

 (i) Under the Market Price Option, the exercise price is the average of the last dealt prices for a share as determined by reference to the daily official list published by the SGX-ST for the five (05) consecutive market days immediately preceding the date of grant, rounded up to the nearest whole cent (the "Market Price").

 (ii) Under the Incentive Option, Committee has the discretion to issue option with an exercise price and set a discount not exceeding 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted by the SGX-ST).

(c) The eligible grantee must accept the offer of the option within a period of not less than 15 days and not more than 30 days from the date of such offer else the offer will lapse. Upon the acceptance of the offer, the grantee shall pay to the Company the sum of $1.00.

(d) A Market Price Option may be exercised during the period commencing after the 12 months period from the offer date and expiring on the tenth anniversary of such offer date. An Incentive Option can be exercised during the period after the 24 months period from the offer date and expiring on the tenth anniversary of such offer date. Option granted to the non-executive directors will expire on the fifth anniversary of such offer date.

The Scheme expired on 25 July 2018. From the date of approval of the Scheme until its expiration on 25 July 2018, the Company has not granted any share options to the employees.

27. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group		
	31 Mar 2019 $'000	**31 Mar 2018 $'000**	**1 Apr 2017 $'000**
At 1 April	(2,487)	–	(3,163)
Net effect of exchange differences arising from translation of financial statements of foreign operations	1,147	(2,179)	748
Share of other comprehensive income of associate	64	(308)	283
SFRS(I) 1 adjustment	–	–	2,132
SFRS(I) 9 adjustment	2	–	–
	(1,274)	(2,487)	–

28. Fair value reserve

Fair value adjustment reserve as at 31 March 2018 and 1 April 2017 represents the cumulative fair value changes, net of tax, of other investment until they are disposed of or impaired.

29. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	31 Mar 2019 $'000	31 Mar 2018 $'000
Purchase of corporate secretarial support services from a firm related to a director	–	21
Purchase of goods from a firm related to a director	8	–

(b) Directors' and executive officers' remuneration *

	Group	
	31 Mar 2019 $'000	31 Mar 2018 $'000
Directors' remuneration	673	1,020
Executive officers' remuneration	686	803

* Included in the above remuneration for the Group is payment for defined contribution plans of $64,000 as at 31 March 2019 (31 March 2018: $85,000).

(c) Others

Bond interest and redemption premium amounting to $8,000 (31 March 2018: $8,000) was paid to a director in the current financial year, of which he remains as a Guarantee Bonds Subscriber (Note 24) of a principal amount of $100,000 (31 March 2018: $100,000) as at 31 March 2019.

30. Directors' remuneration

The number of directors of the Company whose total remuneration from the Group falls into the following bands is as follows:

	Group	
	31 Mar 2019 Number of directors	31 Mar 2018 Number of directors
$250,000 - $499,999	1	3
Below $250,000	4	3
Total	5	6

31. Commitments and contingencies

Operating lease commitments – as lessee

The Group has entered into leases for property that is non-cancellable.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to $243,000 (31 March 2018: $260,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	31 Mar 2019	**31 Mar 2018**
	$'000	**$'000**
Not later than one year	263	216
Later than one year but not later than five years	549	659
Later than five years	–	63
	812	938

Contingent liabilities

The Company has provided corporate guarantees to financial institutions amounting to US$10.6 million (31 March 2018: US$10.6 million, 1 April 2017: US$9.5 million), $27.1 million (31 March 2018: $27.2 million, 1 April 2017: $27.4 million) and RM195.5 million (31 March 2018: RM195.5 million, 1 April 2017: RM195.5 million) to secure banking facilities granted to its subsidiaries and an associate.

32. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables and amounts due from associates. The Company's exposure to credit risk arises from amounts due from subsidiaries. For other financial assets (including investment securities and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on the trade receivables to be 365 days past due with no recent transactions.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower

The Group determined that its financial assets are credit-impaired when:

- There is significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization

The Group considers categorising a loan or receivables for potential write-off when a debtor fails to make contractual payments for receivables that are more than a year past due. Financial assets are written off when there is no reasonable expectation of recovery. When loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group has determined that the expected credit losses for all trade receivables from the Power-related segment to be insignificant.

The Group provides for lifetime expected credit losses for all trade receivables from the Fire-fighting segment using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 March 2019 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast industry performance.

Summarised below is the information about the credit risk exposure on the Group's trade receivables from the Fire-fighting segment using provision matrix:

31 March 2019	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Gross carrying amount	1,111	631	892	1,080	3,714
Loss allowance provision	(6)	(4)	(6)	(239)	(255)

Information regarding loss allowance movement of trade receivables are disclosed in Note 15.

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Amount due from associates

The Group computes expected credit losses on amount due from associates using the probability of default approach. In calculating the expected credit loss rate, the Group considers the implied probability of default from external rating agencies for similar counterparties and other macroeconomic data such as central bank base rates and country risk.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

At the end of the balance sheet date, the Group's and the Company's maximum exposure to credit risk are represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets.
- A nominal amount of US$10.6 million (31 March 2018: US$10.6 million, 1 April 2017: US$9.5 million), $27.1 million (31 March 2018: $27.2 million, 1 April 2017: $27.4 million) and RM195.5 million (31 March 2018: RM195.5 million, 1 April 2017: RM195.5 million) relating to corporate guarantees provided by the Company to financial institutions.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and business segment of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2019		2018	
	$'000	% of total	$'000	% of total
By country:				
Singapore	3,150	39	3,587	56
Cambodia	4,667	57	2,477	38
Indonesia	222	3	272	4
Others	93	1	124	2
	8,132	100	6,460	100
By industry sectors:				
Fire fighting and protection	3,459	43	3,983	62
Power related	4,673	57	2,477	38
	8,132	100	6,460	100

As at balance sheet date, approximately 35% (2018: 15%) of the Group's trade receivables were due from 2 major customers who are located in Cambodia.

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

(b) Liquidity 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 arises 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.

Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by Board of Directors. These policies, controls and limits ensure that the Group monitors and manages liquidity risk in a manner that ensures sufficient sources of funds are available over a range of market conditions.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less $'000	More than 1 year $'000	Total $'000
Group			
31 March 2019			
Financial assets:			
Other investments	–	1,522	1,522
Trade and other receivables	8,868	–	8,868
Amounts due from associates	–	10,179	10,179
Cash and short-term deposits	1,166	–	1,166
Total undiscounted financial assets	10,034	11,701	21,735
Financial liabilities:			
Trade and other payables	9,836	–	9,836
Loans and borrowings	23,576	–	23,576
Hire purchase creditors	97	226	323
Amount due to a related company	–	3,193	3,193
Total undiscounted financial liabilities	33,509	3,419	36,928
Total net undiscounted financial liabilities	(23,475)	8,282	(15,193)

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	More than 1 year $'000	Total $'000
Group			
31 March 2018			
Financial assets:			
Other investments	–	4,637	4,637
Trade and other receivables	7,330	–	7,330
Amounts due from associates	78	17,271	17,349
Cash and short-term deposits	1,456	–	1,456
Total undiscounted financial assets	8,864	21,908	30,772
Financial liabilities:			
Trade and other payables	8,018	–	8,018
Loans and borrowings	25,858	540	26,398
Hire purchase creditors	69	190	259
Amount due to a related company	–	3,227	3,227
Total undiscounted financial liabilities	33,945	3,957	37,902
Total net undiscounted financial liabilities	(25,081)	17,951	(7,130)
1 April 2017			
Financial assets:			
Other investments	–	4,328	4,328
Trade and other receivables	6,594	–	6,594
Amounts due from associates	15,278	–	15,278
Cash and short-term deposits	2,074	–	2,074
Total undiscounted financial assets	23,946	4,328	28,274
Financial liabilities:			
Trade and other payables	12,108	–	12,108
Loans and borrowings	21,303	4,470	25,773
Hire purchase creditors	74	259	333
Amount due to a related company	–	3,819	3,819
Total undiscounted financial liabilities	33,485	8,548	42,033
Total net undiscounted financial liabilities	(9,539)	(4,220)	(13,759)

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	More than 1 year $'000	Total $'000
Company			
31 March 2019			
Financial assets:			
Cash at banks and on hand	23	–	23
Total undiscounted financial assets	23	–	23
Financial liabilities:			
Other payables	301	–	301
Amount due to subsidiary	6,390	–	6,390
Loans and borrowings	1,137	–	1,137
Total undiscounted financial liabilities	7,828	–	7,828
Total net undiscounted financial liabilities	(7,805)	–	(7,805)
31 March 2018			
Financial assets:			
Amounts due from subsidiaries	25,151	–	25,151
Cash at banks and on hand	40	–	40
Total undiscounted financial assets	25,191	–	25,191
Financial liabilities:			
Other payables	286	–	286
Amount due to subsidiary	6,453	–	6,453
Loans and borrowings	2,370	–	2,370
Total undiscounted financial liabilities	9,109	–	9,109
Total net undiscounted financial assets	16,082	–	16,082
1 April 2017			
Financial assets:			
Amounts due from subsidiaries	25,166	–	25,166
Cash at banks and on hand	42	–	42
Total undiscounted financial assets	25,208	–	25,208
Financial liabilities:			
Other payables	377	–	377
Amount due to subsidiary	6,412	–	6,412
Loans and borrowings	–	2,545	2,545
Total undiscounted financial liabilities	6,789	2,545	9,334
Total net undiscounted financial liabilities	18,419	(2,545)	(15,874)

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below shows the contracted expiry by maturity of the Group and Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less $'000	1 to 5 years $'000	5 years or more $'000	Total $'000
31 March 2019				
Group				
Financial guarantees	3,781	2,992	24,372	31,145
Company				
Financial guarantees	25,177	2,992	24,372	52,541
31 March 2018				
Group				
Financial guarantees	3,229	3,056	27,376	33,661
Company				
Financial guarantees	25,760	3,510	27,376	56,646
1 April 2017				
Group				
Financial guarantees	2,894	2,845	26,267	32,006
Company				
Financial guarantees	23,294	4,662	26,267	54,223

(c) Interest rate risk

Interest rate 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 interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and fixed deposits. The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

As at 31 March 2019, if SGD and USD interest rates had been 75 basis points lower/higher with all other variables held constant, the Group's loss net of tax for the year ended 31 March 2019 would have been $116,000 and $21,000 lower/higher respectively, arising mainly as a result of lower/higher interest expense on floating rate interest-bearing loans and borrowings and higher/lower interest income from fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher vitality as in prior years.

As at 31 March 2018, if SGD and USD interest rates had been 75 basis points lower/higher with all other variables held constant, the Group's profit net of tax for the year ended 31 March 2018 would have been $147,000 and $6,000 higher/lower respectively.

32. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

The Group has transactional currency exposure arising from purchases that are denominated in a currency other than the functional currency of the group of companies.

The Group and the Company also hold cash and short-term deposits, trade receivables, trade payables and loans and borrowings denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to a net liabilities of $798,000 (31 March 2018: $460,000) for the Group. The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Cambodia and Malaysia.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant.

	Group	
	(Loss)/profit before tax	
	2019	**2018**
	$'000	**$'000**
USD		
- strengthened by 5% (2018: 5%)	+40	+22
- weakened by 5% (2018: 5%)	-40	-22

33. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

33. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table presents the assets measured at fair value at the end of each reporting period:

	Group		
	31 Mar 2019 $'000	31 Mar 2018 $'000	1 Apr 2017 $'000
Assets measured at fair value (Level 3)			
Financial assets:			
Other investments			
- Unquoted convertible bonds	1,361	–	–
- Key-man insurance	161	161	161
	1,522	161	161

The Group does not have any liabilities measured at fair value.

There have been no transfers between Level 1, Level 2 and Level 3 for the Group.

(c) Level 3 fair value measurements

Unquoted convertible bonds

The debt component of the convertible bonds was valued using the discounted cash flow method while the derivative component of the convertible bonds was valued using the Binomial Option Pricing model. As at 31 March 2019, the fair value of the derivative component was not significant. For the debt component, the unobservable input is the discount rate applied to the discounted cash flow ranging from 12% to 15% as at 31 March 2019. A higher discount rate applied would result in a significant decrease in the fair value of the unquoted convertible bond. In order to determine the effect of the above reasonably possible alternative assumptions, the Group has adjusted the discount rate by 0.8%. An increase/decrease of 0.8% on the discount rate would result in an increase/decrease of $86,700 in the Group's loss after tax.

Key-man insurance

The fair value of the key-man insurance is based on total surrender value of the contract stated in the annual statement of the policies, which is categorised within Level 3 of the fair value hierarchy. An increase/decrease of 5% in the surrender value of the policy would result in an increase/decrease of $8,000 in profit after tax (31 March 2018: $8,000 in other comprehensive income).

The above unlisted investment at 31 March 2019 was classified as financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

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

Cash and cash equivalents, trade and other receivables, amounts due from/to subsidiaries, amount due from associates, trade and other payables and accruals, and loans and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

33. Fair value of assets and liabilities (cont'd)

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

Amount due to a related company

Amount due to a related company has no fixed terms of repayment and are repayable only when the cash flow of the entity permits. Accordingly, the fair value of the amount is not determinable as the timing of the future cash flow arising from the balance cannot be estimated reliably.

(f) Financial instruments carried at other than fair value

Hire purchase creditors

As there is no material difference between fair value and carrying amount of hire purchase creditors, management has not disclosed the fair value (Note 22).

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2019 and 31 March 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 75%. The Group includes within net debt, loans and borrowings and hire purchase creditors. Capital includes equity attributable to the owners of the Company and non-controlling interest.

	Group	
	31 Mar 2019 $'000	**31 Mar 2018 $'000**
Loans and borrowings (Note 24)	22,533	25,185
Trade and other payables (Note 20 and 21)	11,326	8,037
Hire purchase creditors (Note 22)	278	220
Amount due to a related company	3,193	3,227
Less: Cash and short-term deposits	(1,166)	(1,456)
Net debt	36,164	35,213
Total equity	47,897	62,684
Capital and net debt	84,061	97,897
Gearing ratio	43.0%	36.0%

35. Segment information

(a) Business segment

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

(i) Fire fighting and protection

Supply, installation and maintenance of fire fighting and protection equipment

(ii) Power related

Power generation and distribution of controlled power supply and equipment

	Fire-fighting		Power-related		Adjustments and eliminations		Note	Per consolidated financial statements	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000		2019 $'000	2018 $'000
Revenue	14,572	14,992	23,094	23,065	–	–		37,666	38,057
Results:									
Other income	140	157	307	127	(45)	(40)	A	402	244
Interest income	–	–	29	15	–	–		29	15
Write back of allowance for doubtful debts, net	–	20	–	–	–	–		–	20
Impairment of financial asset	(89)	–	(9,850)	–	–	–		(9,939)	–
Depreciation of property, plant and equipment	(417)	(397)	(2,179)	(1,532)	–	–		(2,596)	(1,929)
Finance costs	(135)	(117)	(620)	(680)	–	–		(755)	(797)
Segment profit	823	185	(17,235)	3,144	(3,074)	(1,451)	B	(19,486)	1,878
Assets:									
Investment in associates	–	–	–	5,053	–	–		–	5,053
Additions to property, plant and equipment	438	337	15	106	–	–		453	443
Segment assets	30,873	30,711	74,004	88,228	(18,891)	(19,804)	C	85,986	99,855
Segment liabilities	16,675	16,873	60,565	57,521	(39,151)	(37,226)	D	38,089	37,168

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment profit/(loss) to arrive at "profit/(loss) before tax" in the consolidated income statement:

	2019 $'000	2018 $'000
Share of results of associates	(2,319)	(654)
Finance costs	(755)	(797)
	(3,074)	(1,451)

35. Segment information (cont'd)

(a) Business segment (cont'd)

C The following items added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	2019 $'000	2018 $'000
Inter-segment assets	(19,117)	(19,317)
Goodwill	175	175
Unallocated assets	51	58
	(18,891)	(19,084)

D The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2019 $'000	2018 $'000
Inter-segment liabilities	(40,764)	(38,016)
Income tax payables	712	455
Unallocated liabilities	854	288
Deferred tax liabilities	47	47
	(39,151)	(37,226)

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Singapore $'000	Cambodia $'000	Other countries $'000	Group $'000
2019				
Revenues	12,893	22,937	1,836	37,666
Non-current assets	7,243	52,194	11,541	70,978
2018				
Revenues	13,510	22,924	1,623	38,057
Non-current assets	7,391	52,493	26,801	86,685

Non-current assets information presented above consist of property, plant and equipment, investment in associates, amounts due from associate, goodwill and other investments.

Information about major customers

Revenue from two major customers amount to $10,390,000 (31 March 2018: $9,673,000), arising from sales by the power related segment.

36. Authorisation of financial statements

The financial statements for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 29 August 2019.

Shareholders' Information

As at 30 August 2019

Issued and fully Paid-up Capital	:	S$52,262,469.75
Number of Ordinary Shares in Issue (excluding treasury shares)	:	1,556,462,688
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights (on a poll)	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	77	6.08	2,359	0.00
100 - 1,000	105	8.29	81,953	0.01
1,001 - 10,000	184	14.52	933,253	0.06
10,001 - 1,000,000	789	62.27	142,019,465	9.12
1,000,001 AND ABOVE	112	8.84	1,413,425,658	90.81
TOTAL	**1,267**	**100.00**	**1,556,462,688**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 30 August 2019(1))

	Direct Interests		Deemed Interests	
Name of Substantial Shareholder	**No. of shares**	**Percentage (%)**	**No. of Shares**	**Percentage (%)**
SINCOM HOLDINGS PTE. LTD.	232,000,000	14.91	–	–
LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	186,000,000	11.95	–	–
TAN BOON KHENG	119,156,004	7.66	–	–
LIM BOON HOCK BERNARD	80,000,000	5.14	–	–
STEPHEN LEONG	–	–	232,000,000	14.91

Notes:

(1) Based on the total issued share capital of 1,556,462,688 ordinary shares of the Company as at 30 August 2019.

(2) Mr Stephen Leong is sole director and sole shareholder of Sincom Holdings Pte. Ltd. ("Sincom") and is deemed interested in 232,000,000 ordinary shares held by Sincom.

As at 30 August 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SINCOM HOLDINGS PTE. LTD.	232,000,000	14.91
2	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	186,000,000	11.95
3	TAN BOON KHENG	119,156,004	7.66
4	LIM BOON HOCK BERNARD	80,000,000	5.14
5	TAN AH KAN @TAN KOW LA	74,526,700	4.79
6	TAN BOON SIANG	70,232,000	4.51
7	TAN BOON YEW	69,836,000	4.49
8	BRIAN CHANG HOLDINGS (S) PTE LTD	61,419,344	3.95
9	UOB KAY HIAN PRIVATE LIMITED	43,360,100	2.79
10	TNG BENG CHOON	37,100,000	2.38
11	TAN AH SOI	32,435,996	2.08
12	CHUA KENG LOY	26,166,000	1.68
13	STEPHEN YEO MAH AI	23,694,200	1.52
14	DBS NOMINEES (PRIVATE) LIMITED	12,912,766	0.83
15	CHEW GIM THONG @ CALVIN CHEW	12,900,000	0.83
16	PHILLIP SECURITIES PTE LTD	12,172,054	0.78
17	SIA AH KHENG	12,025,000	0.77
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	11,766,000	0.76
19	TAN LYE SENG	10,348,500	0.66
20	TAN BOON SAI (CHEN WENSAI)	10,299,000	0.66
	TOTAL	**1,138,349,664**	**73.14**

PUBLIC FLOAT

Based on the information available to the Company as at 30 August 2019, approximately 51.25% of the Company's shares are held in the hands of the public. Accordingly the Company has complied with Rule 723 of the Listing Manual, Section B: Catalist issued by the Singapore Exchange Securities Trading Limited.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asiatic Group (Holdings) Limited (the "**Company**") will be held at Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Wednesday, 25 September 2019 at 10.00 am, for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect Mr Chia Soon Hin William, a Director who is retiring in accordance with Regulation 107 of the Company's Constitution. **[Resolution 2]**

   Mr Chia Soon Him William, if re-elected, will assume the position as the Chairman of the Remuneration Committee and remain as a member of the Audit and Risk Management Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

   His profile can be found under the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report.

3. To note the retirement of Mr Lee Fang Wen, who is retiring by rotation in accordance with Regulation 103 of the Company, as Director of the Company and decided not to seek re-election.

4. To approve Directors' fees of S$80,000 for the financial year ended 31 March 2019 for payment (FY2018: S$85,000). **[Resolution 3]**

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 4]**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

6. **Authority to allot and issue shares and /or convertible securities**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and subject to the Rule 806 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to allot and issue:

   (a) shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise;

   (b) convertible securities;

   (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalization issues; and

   (d) shares arising from the conversion of convertible securities in (b) and (c) above,

   at any time during the continuance of this authority or thereafter and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force), provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) and (ii) above, the percentage of the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the date this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options issue as at the date this Resolution is passed and any subsequent consolidation or subdivision of the Company's shares; and

(iv) (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 the earlier.
[See Explanatory Note 1] **[Resolution 5]**

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Lai Foon Kuen
Company Secretary

Singapore, 10 September 2019

Explanatory Notes:

1. Resolution 5, if passed, will authorise and empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate one hundred per cent (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at 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.

   For the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. (a) A member who is not a relevant intermediary#, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary#, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   # *"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.*

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 65 Joo Koon Circle, Singapore 629078 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

5. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the Meeting unless his name appears on the Depository Register not less than seventy-two (72) hours before the time of the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ASIATIC GROUP (HOLDINGS) LIMITED

Company Registration No. 200209290R
(Incorporated In the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ____ (name)

of ____ (address)

being a *member/members of Asiatic Group (Holdings) Limited (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of shares	**%**
Address			

or failing the person, or either or both of the persons, referred to the above, the Chairman of the Meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887, on Wednesday, 25 September 2019 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(If you wish to exercise all your votes "For" or "Against", please indicate with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
1	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019		
2	Re-election of Mr Chia Soon Hin William as a Director		
3	Approval of Directors' fees of S$80,000 for the financial year ended 31 March 2019		
4	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
5	Authority to allot and issue new shares and/or convertible securities		

Dated this __________ day of ________________ 2019

Total number of shares

____

Signature of Member(s) or,
Common Seal of Corporate Member

*Delete where inapplicable

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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) 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.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore ("CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting.

   Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 65 Joo Koon Circle, Singapore 629078, not less than forty-eight (48) hours before the time appointed for the Meeting. In view of section 81SJ(4) of the SFA, a depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the AGM. Any Shareholder who is holding his shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his proxy form forty-eight (48) hours before the AGM, his proxy will not be entitled to attend and vote at the AGM.
7. 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 either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. 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 Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting to vote.

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 or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 September 2019.

Affix
postage
stamp
here

ASIATIC GROUP (HOLDINGS) LIMITED
65 JOO KOON CIRCLE
SINGAPORE 629078