



CASA HOLDINGS LIMITED

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CASA HOLDINGS LIMITED

**ASPIRATIONS FOR THE FUTURE**

ANNUAL REPORT 2015

## Contents

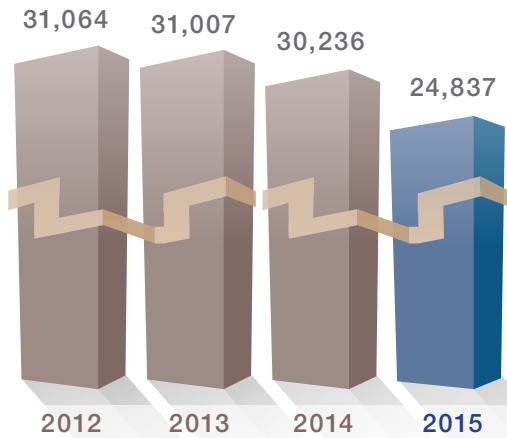
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# Financial Highlights

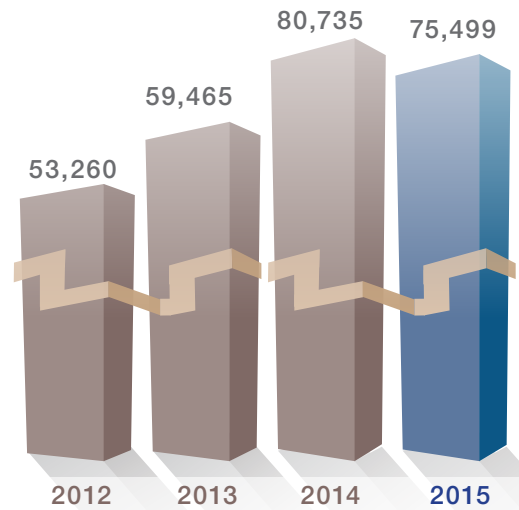
## Turnover

\$'000



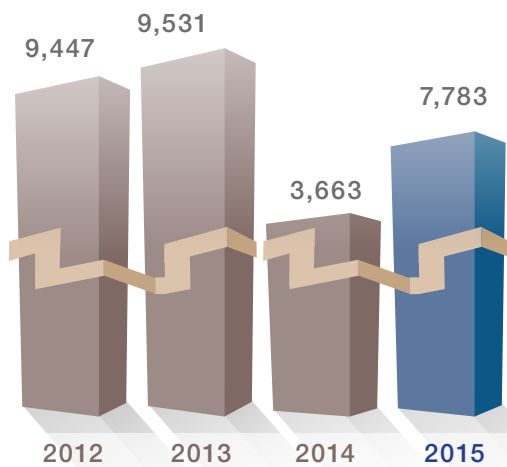
## Net Assets

\$'000



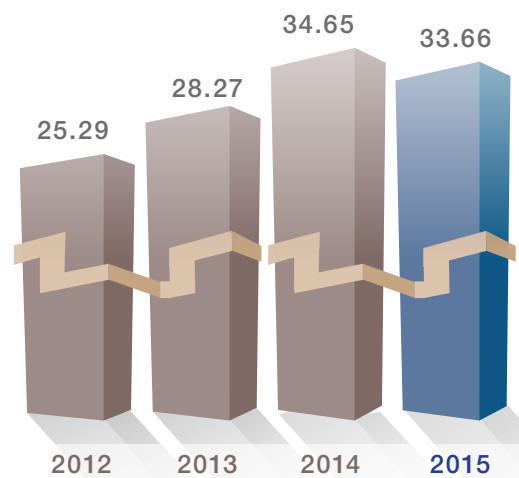
## Profit attributable to shareholders

\$'000



## NTA Per Share

cents





# Our Brands



## Seventh Cove

Explore Beyond The Ordinary

[www.seventhcove.com](http://www.seventhcove.com)



*Proudly distributes high quality range of branded appliances...*



THE BEAUTY OF SIMPLICITY





**Rubine™**  
*Indulge in the Aqua Lifestyle*



**ferrolì**



**ELBA**

**Blomberg®**  
seit 1883





# Board of Directors

## Dr Low Seow Chay

*Chairman and Independent Director*

Dr Low Seow Chay, age 66, has served as an Independent Director of Casa Holdings Limited since August 1995. He is the Chairman of the Audit Committee. On 30 September 2014, Dr Low was appointed as a Chairman of Board of Directors. He was last re-elected as a Director on 31 January 2013. Dr Low was an associate professor with Nanyang Technological University and a retired Member of Parliament serving the Single Member Constituency ward of Chua Chu Kang. He is now an independent director of Hor Kew Corporation Ltd, Hai Leck Holdings Limited and LK Technology Holdings Ltd. Dr Low holds a PhD in Mechanical Engineering from University of Manchester, UK.



## Mr Lim Yian Poh

*Independent Director*

Mr Lim Yian Poh, age 69, joined the Board on 4 November 2008 as an Independent Director. He is a Chairman of the Remuneration and Nominating Committee. He was last re-elected as a Director on 29 January 2014. Mr Lim has extensive experience in the banking and finance industry and is currently the managing director of Yian Poh Associates, a financial consultancy and investment firm. He is also an independent director of TTJ Holdings Ltd and Zicom Group Ltd, a company listed on the Australian Stock Exchange. He is an Honorary Commercial Advisor to The Administrative Committee of JiaXing Economic Development Zone, China and a member of the Advisor Panel of the Singapore Food Manufacturers' Association. He holds a Bachelor of Science degree from Nanyang University, Singapore and a Master of Science degree from the University of Hull, UK.

## Mr Lim Soo Kong @ Lim Soo Chong

*CEO and Executive Director*

Mr Lim Soo Kong, age 69, is the CEO of Casa Holdings Limited. He is a founder member of the Company and was appointed to the Board on 2 September 1994. Mr Lim is a director in all the various subsidiaries in the Group. He is also a non-independent and non-executive director of Fiamma Holdings Berhad, an associate corporation listed on the Mainboard of the Bursa Malaysia Securities Berhad. He graduated with a Diploma in Mechanical Engineering from the Singapore Polytechnic.

## Mr Hu Zhong Huai

*Non-Executive and Non-Independent Director*

Mr Hu Zhong Huai, age 38, is a Non-Executive and Non-Independent Director and a major shareholder of Casa Holdings Limited. He was last re-elected as a Director on 23 January 2014. Mr Hu is a director of a major subsidiary in the Group. Mr Hu is a businessman and an entrepreneur in home appliances business. He is currently a director of Arda (Zhejiang) Electrical Co., Ltd, China. He holds a Bachelor of International Business degree from the University of Victoria, Canada.

## Key Management

### Mr Stefan Matthieu Lim Shing Yuan

*Non-Executive and Non-Independent Director*

Mr Stefan Matthieu Lim Shing Yuan, age 36, is a Non-Executive and Non-Independent Director of Casa Holdings Limited since 17 September 2009. He is the son of Mr Lim Soo Kong @ Lim Soo Chong. He was last re-elected as a Director on 31 January 2013. Mr Lim is a general manager of Polybuilding (S) Pte Ltd. He holds a Master of Business Systems and Bachelor of Commerce (Accounting & Finance) degree from Monash University, Australia.



### Mr Yuan Hee Peng

*General Manager*

Mr Yuan Hee Peng, age 59, is the General Manager and is responsible for the operations in Singapore. He joined the Group in 1980. Mr Yuan holds a Master of Business Administration from the University of Hull, UK and a Bachelor of Business degree from the Royal Melbourne Institute of Technology, Australia and a Diploma in Marketing from the Chartered Institute of Marketing, UK. He is also an ordinary member of the Management Development Institute of Singapore and the Singapore Institute of Management.

### Ms Margaret Chak Lee Hung

*Group Financial Controller*

Ms Margaret Chak Lee Hung, age 43, is the Group Financial Controller and Joint Company Secretary. She is responsible for all aspects of financial management, accounting and company secretarial functions of the Group. She joined the Group in October 2005 and has more than 20 years of experience in financial management and accounting. She is also a non-independent and non-executive director of Fiamma Holdings Berhad, an associate corporation listed on the Mainboard of the Bursa Malaysia Securities Berhad. Ms Chak holds a Bachelor of Economics (major in Accountancy) degree from Macquarie University, Sydney and is a member of the Institute of Singapore Chartered Accountants.

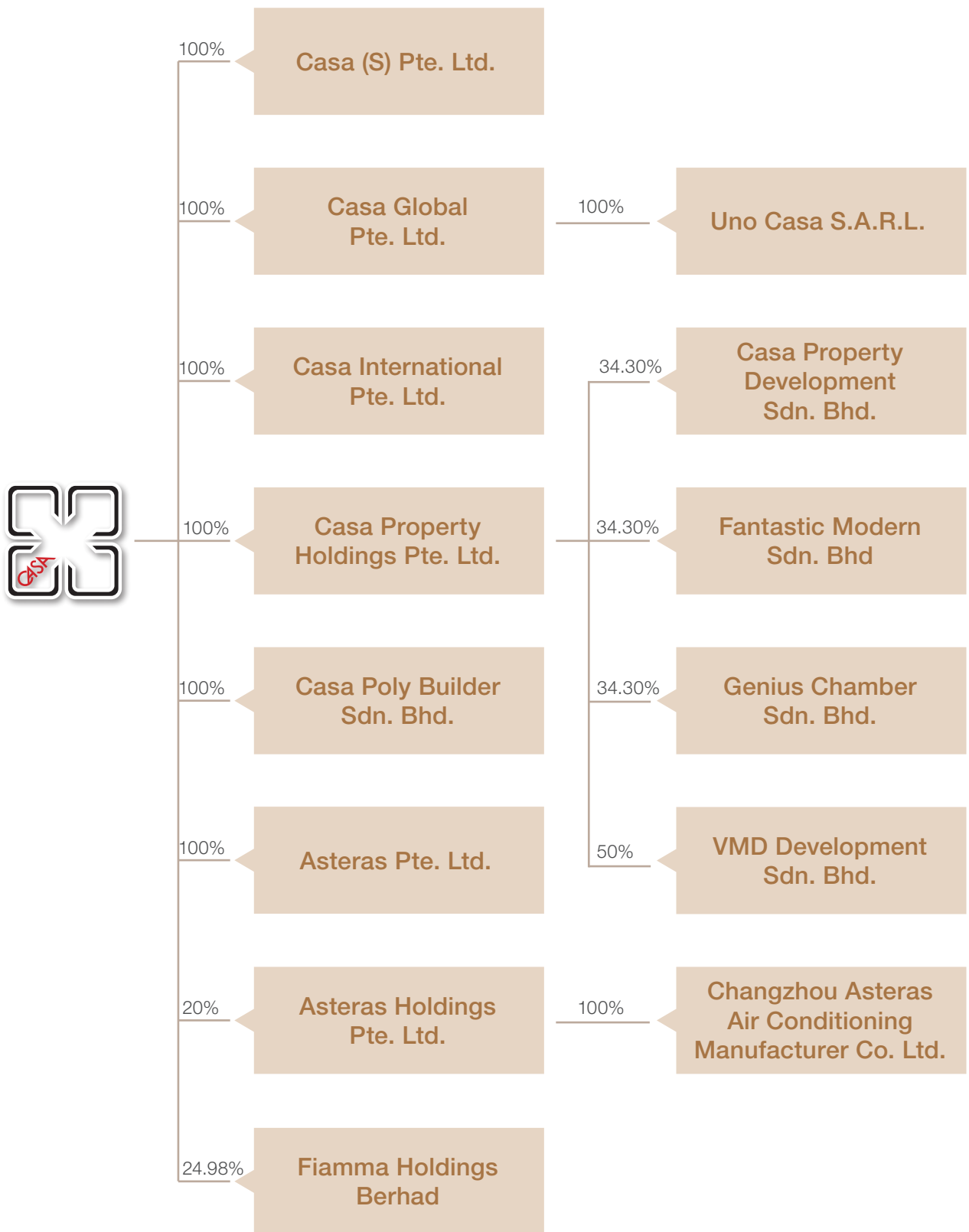
### Mr Lim Ngee Meng

*Finance and Administration Manager*

Mr Lim Ngee Meng, age 65, is the Finance and Administration Manager responsible for the financial and general administration of the Group's Singapore-based subsidiaries. He joined the Group in 1987 and has more than 29 years of experience in financial accounting and administration. Mr Lim holds a Master of Applied Finance from University of Western Sydney, Australia, Bachelor in Business Administration degree, Thomas Valley University, UK, a Diploma in Management Accounting and Finance from National Productivity Board and Certificate in Banking from Institute of Banking & Finance.



# Corporate Structure



# Corporate Information

## Board of Directors

Dr Low Seow Chay  
(Chairman and Independent Director)

Lim Soo Kong @ Lim Soo Chong  
(CEO and Executive Director)

Hu Zhong Huai  
(Non-Executive and Non-Independent Director)

Lim Yian Poh  
(Independent Director)

Stefan Matthieu Lim Shing Yuan  
(Non-Executive and Non-Independent Director)

## Company Secretaries

Margaret Chak Lee Hung  
Lotus Isabella Lim Mei Hua

## Audit Committee

Dr Low Seow Chay (Chairman)  
Lim Yian Poh  
Stefan Matthieu Lim Shing Yuan

## Nominating Committee

Lim Yian Poh (Chairman)  
Dr Low Seow Chay  
Lim Soo Kong @ Lim Soo Chong

## Remuneration Committee

Lim Yian Poh (Chairman)  
Dr Low Seow Chay  
Hu Zhong Huai

## Share Registrar

Tricor Barbinder Share Registration Services  
(a business division of Tricor Singapore Pte Ltd)  
80 Robinson Road #02-00  
Singapore 068898

## Auditors

Nexia TS Public Accounting Corporation  
100 Beach Road  
Shaw Tower #30-00  
Singapore 189702

Director-In-Charge  
Loh Ji Kin  
(Appointed since financial year ended 30 September 2011)

## Registered Office

Casa Holdings Limited  
(Incorporated in Singapore, Registration Number:  
199406212Z)

Website: [www.casaholdings.com.sg](http://www.casaholdings.com.sg)  
15 Kian Teck Crescent  
Singapore 628884  
Tel: 6268 0066  
Fax: 6266 8069

# Corporate Social Responsibility

## Environment

As a member of Singapore Green Building Council, Casa has constantly been informed of updates on the various "Go Green" initiatives or programs organized by the Council. In support of the "Go Green" program, Casa conscientiously endeavors to source for more energy efficient and eco-friendly household appliances to market and distribute. We also continue to advocate the need for eco-friendly household appliances so as to achieve benefits in a sustainable way for the general public, our customers and stakeholders.

Over the decades, Casa has cultivated an eco-friendly working environment to encourage our staff to reduce, reuse and recycle any materials to minimize pollution and other adverse impact to the environment.

## Community

Casa has the belief of giving back to the community and promoting employee volunteerism with charitable activities to reach out the less fortunate and low income neglected elderly and families.

During the year, we support Shan You Counselling Centre and SAC Cluster Support for helping elderly and needy families. Our Group will continue to engage the community services and promote a culture of contribution in the workplace.

# Corporate Governance Report and Financial Contents

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# Corporate Governance Report

The Board of Directors of Casa Holdings Limited (the “Company”), are committed to high standards of corporate governance and adopting the corporate governance practices contained in the Code of Corporate Governance 2012 (“Code”) so as to ensure greater transparency and protection of shareholders’ interests. This statement outlines the main corporate governance practices that were in place throughout the financial year.

The Board confirms that the Group has complied with the best practices of the Code throughout the financial year ended 30 September 2015.

## BOARD MATTERS

### Principle 1: Board’s Conduct of its Affairs

The Board has the responsibility for the overall management of the Group. Specifically, the principal functions of the Board are to:

1. Approve the corporate direction and strategy of the Company and monitor the performance of the Management;
2. Approve the nomination of directors and appointment of key managerial personnel;
3. Approve the annual budget, major funding proposals and investment proposals, and ensuring the necessary financial and human resources are in place for the Company to meet its objectives;
4. Establish a framework of prudent and effective controls which enable risks to be properly assessed and managed; including safeguarding of shareholders’ interests and company’s assets;
5. Identify the key stakeholder groups and recognise that their perceptions affect the company’s reputation;
6. Review the financial performance and necessary reporting compliance;
7. Set Company values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;
8. Assume responsibility for corporate governance; and
9. Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

To assist in the execution of its responsibilities, the Board delegates specific areas of responsibilities, without abdicating its responsibilities to three Board Committees namely the Audit Committee, Nominating Committee and Remuneration Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board.

The full Board meets on a regular basis and as when necessary to address any specific significant matters that may arise.

The number of Board and Board Committee meetings held during the Financial Year 2015 and the attendance of each director where relevant are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings	3	2	1	1
<b>No. of meetings attended by respective directors</b>				
Lim Soo Kong @ Lim Soo Chong	3	N.A.	1	N.A.
Hu Zhong Huai	3	N.A.	N.A.	1
Low Seow Chay	3	2	1	1
Lim Yian Poh	3	2	1	1
Stefan Matthieu Lim Shing Yuan	3	2	N.A.	N.A.

All directors attended the AGM on 29 January 2015.

# Corporate Governance Report

The Board has identified a number of areas for which the Board has direct responsibility for decision making. Interested Person Transactions and the Group's internal control procedures are also reviewed by the Board. Major investments and funding decisions are approved by the Board.

The Board also meets to consider the following corporate matters:-

- (i) Approval of half yearly and year end result announcements;
- (ii) Approval of the annual reports and accounts;
- (iii) Convening of shareholders' meetings;
- (iv) Approval of corporate strategies;
- (v) Material acquisitions and disposals of assets;
- (vi) Declaration of interim dividends and proposal of final dividends; and
- (vii) Appointment and removal of the Company Secretaries.

There were no incoming Directors during the course of the financial year. When the existing Directors were appointed, the Company conducted a comprehensive orientation programme to provide them with extensive background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. The orientation programme gives the Directors an understanding of the Group's businesses to enable them to assimilate into their new role. It also allows the new Directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management.

Board members have attended seminars and received training in connection with their duties as directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations, accounting standards and changing commercial risks to enable them to make well-informed decision and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

The Directors are updated on the regulations of the SGX-ST, Companies Act and other statutory requirements when the need arises.

The duties and responsibilities of the executive directors are clearly set out in their service agreements.

## **Principle 2: Board Composition and Guidance**

The Board of Directors comprises 5 directors, 2 of whom are independent directors. The Directors of the Company as at the date of this statement are:

- (i) Dr Low Seow Chay (Chairman & Independent Director)
- (ii) Mr Lim Soo Kong @ Lim Soo Chong (Chief Executive Officer and Executive Director)
- (iii) Mr Hu Zhong Huai (Non-Executive and Non-Independent Director)
- (iv) Mr Lim Yian Poh (Independent Director)
- (v) Mr Stefan Matthieu Lim Shing Yuan (Non-Executive and Non-Independent Director)

The Nominating Committee ("NC") is of the view that the current Board comprises directors who as a group provide core competencies such as commerce, business or management experience, industry knowledge, strategic planning experience, customer-based experience or knowledge and familiarity with regulatory requirements and risk management.

The Board is of the view that the current size of the Board is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

Key information regarding the Directors is provided on Page 6.

# Corporate Governance Report

## Independent Directors

The Board of Directors has two directors who are independent members. The criteria for independence is determined based on the definition as provided in the Code. Each Independent Director is required to declare their independence on an annual basis. In respect of the financial year ended 30 September 2015, the Nominating Committee is satisfied with the independent status of the Independent Directors and the independent element on the Board is maintained.

In the course of the year, the NC assessed the independence of Board members in light of Guideline 2.4 of the Code which requires that the independence of any Director who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review. Dr Low Seow Chay who was appointed as an Independent Director on 28 August 1995 and who became the Chairman of the Board on 30 September 2014 has served on the Board for more than nine years. The Board is of the view that Dr Low has demonstrated strong independent character and judgment over the years in discharging his duties and responsibilities as an Independent Director of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. He has expressed individual viewpoints, debated issues and objectively scrutinized Management. He has sought clarification and amplification as he deemed necessary, including through direct access to the Management. Taking into account the above, and also having weighed the need for the Board's refreshment against tenure for relative benefit, the Board has recommended that Dr Low continues to be considered as an Independent Director.

The Company co-ordinates informal meeting sessions for independent directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

## Principle 3: Chairman and Chief Executive Officer

In compliance with the Code, the Chairman and the Chief Executive Officer ("CEO") are separate persons. The Chairman is Dr Low Seow Chay, while the CEO is Mr Lim Soo Kong @ Lim Soo Chong. Both Chairman and CEO are not related to each other.

The roles of the Chairman and the CEO are separate. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman:

- (i) Oversees the Group's corporate governance structure and conduct to ensure high standard of corporate governance;
- (ii) Leads the Board to ensure effective functioning of the Board and its Board committees;
- (iii) Sets the agenda and ensures that adequate time is available for discussion of all items on the agenda, in particular strategic issues;
- (iv) Promotes a culture of openness and debate at the Board;
- (v) Ensures that the Directors receive complete, adequate and timely information;
- (vi) Ensures effective communication with shareholders;
- (vii) Encourages constructive relations within the Board and between Board and management; and
- (viii) Facilitates the effective contribution of non-executive directors.

The Board has delegated the day-to-day management to the CEO. The CEO is the overall coordinator of the Management team for the effective implementation of business strategies and policies and is supported by the respective Heads of Departments. The CEO also assists in ensuring compliance with the Company's guidelines on corporate governance.



# Corporate Governance Report

## Principle 4: Board Membership

The Nominating Committee (“NC”) comprises 3 directors, a majority of whom are independent. The members of the NC are:

- Mr Lim Yian Poh Chairman and Independent Director
- Dr Low Seow Chay Independent Director
- Mr Lim Soo Kong @ Lim Soo Chong CEO and Executive Director

The NC’s principal functions are as follows:

- (a) Recommend to the Board on all board appointments and re-appointments;
- (b) Determine orientation programs for new Directors, and recommend opportunities for the continued training and professional development of the Directors;
- (c) Determine independence of the Directors annually;
- (d) Determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company taking into consideration of the individual Director’s competencies, commitment, contribution and performance, such as his attendance at meetings of the Board and/or Board committees, participation, candour and any special contribution;
- (e) Review the size and composition of the Board with the objective of achieving a balanced Board with a proper mix of experience and expertise and progressive renewal of the Board;
- (f) Review of board succession plans for the CEO; and
- (g) To evaluate the Board’s performance and the contribution by each director to the effectiveness of the Board, and to adopt appropriate measures to assess performance.

The NC assesses the effectiveness of the Board as a whole and takes into account each Director’s contribution and devotion of time and attention to the Company. The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director’s contributions. While having a numerical limit on the number of Directorships may be considered by some other companies to be suitable for their circumstances, at present the Company considers the assessment as described above to be more effective for its purposes. The Company also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board’s strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for appointment as director.

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the director’s integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

Pursuant to Article 107 of the Company’s Articles of Association, all Directors shall retire from office once every three years and one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company’s AGM. In addition, Article 117 of the Company’s Article of Association provides that a newly appointed director must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years.

The Board recognises the contribution of its Independent Directors who over time have developed deep insight into the Group’s businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary.

# Corporate Governance Report

## Principle 5: Board Performance

The NC has an established appraisal process to assess the performance and effectiveness of the Board as a whole. In this aspect, both quantitative and qualitative criteria were adopted. The criteria adopted include the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board.

On an annual basis, each Director will assess the effectiveness and performance of the Board as a whole. The Company has also put in place a process to assess the performance of individual Directors as well as the Board Committees.

## Principle 6: Access to Information

Management provides the Board with adequate and timely information on matters which require the Board's decision or approval, or which the Board should have knowledge of. Requests for information from the Board are dealt with promptly by management. The Board has separate and independent access to senior management.

The Board is informed of all material events and transactions as and when they occur. The management consults with Board members regularly whenever necessary and appropriate. The Board is issued with board papers timely and prior to Board meetings. All Directors are updated on an on-going basis via Board meetings and by way of circulars on matters relating to changes to the regulations of the SGX-ST, Companies Act, accounting standards and other statutory requirements.

Information provided also include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets and monthly internal financial statements on significant subsidiaries.

The Board also has separate and independent access to the company secretaries at all times. The phone numbers and email addresses of each Director and Company Secretaries have also been provided to facilitate access to any required information.

The Company Secretaries, or her representatives, attend all board meetings. The Company Secretaries administer, attend and prepare minutes of Board meetings, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, the Company's Memorandum and Articles of Association and the relevant rules and regulations applicable to the Company are complied with and advises the Board on all governance matters. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive directors, and shall facilitate orientation and assist in professional development when required.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice.

## Principle 7: Policy for Developing Remuneration Policies

### Remuneration Committee

The Remuneration Committee ("RC") comprises 3 non-executive directors and majority of whom are independent. The members of the RC are:

- Mr Lim Yian Poh Chairman and Independent Director
- Dr Low Seow Chay Independent Director
- Mr Hu Zhong Huai Non-Executive and Non-Independent Director

The functions of the RC are to review and recommend the remuneration packages of the Executive Directors and key management personnel of the Company to ensure that it is competitive and sufficient to attract, retain and motivate personnel of the required quality; oversee and review the administration and management of the Employees Share Options ("ESOS"), if any, and to review the appropriateness of compensation for Non-Executive Directors commensurate with the contribution and responsibilities of the directors including but not limited to Directors' fees, allowances, bonuses, share options, share-based incentives and awards and benefits in kind, if any. The RC has access to external expert advice, if required.

# Corporate Governance Report

## Principle 8: Level and Mix of Remuneration

In making its recommendations to the Board on the level and mix of remuneration, the Remuneration Committee seeks to be competitive in order to attract, motivate and retain high-performing executives to drive the Group's businesses whilst operating within the Group's risk parameters, so as to maximise long-term shareholder value. In its deliberation of remuneration level and mix, the RC takes into consideration industry practices and benchmarks against relevant industry players as well as comparable positional responsibilities to ensure that its remuneration practices are competitive. The Company adopts a performance-driven and meritocratic approach to compensation, with rewards linked to individual and corporate performance to align interests of Management with those of Shareholders and promote the long-term success of the Company. Such performance-related remuneration should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks.

The executive director(s) have service contracts which include a profit share element which is Group performance related. Non-executive Directors have no service contracts. The payment of fees to Non-Executive Directors is subject to approval at the annual general meeting of the Company. No director is involved in deciding his own remuneration.

## Principle 9: Disclosure on Remuneration

A breakdown showing the level and mix of each individual director's remuneration payable for FY2015 is as follows:

	2015	2014
\$500,000 to below \$750,000	–	1
\$250,000 to below \$500,000	1	–
Below \$250,000	4	4
Total	5	5

Name	Remuneration Band	Salary %	Profit Sharing %	Fringe Benefits %	Directors' Fees# %	Total %
Lim Soo Kong @ Lim Soo Chong	\$250,000 below to \$500,000	74	23	3	–	100
Hu Zhong Huai	Below \$250,000	–	–	–	–	–
Low Seow Chay	Below \$250,000	–	–	–	100	100
Lim Yian Poh	Below \$250,000	–	–	–	100	100
Stefan Matthieu Lim Shing Yuan	Below \$250,000	–	–	–	100	100

# Directors' fees are subject to Shareholders' approval at the forthcoming annual general meeting.

The Company has only three key management personnel as disclosed in Page 7.

Remuneration of the top 3 key management personnel	2015	2014
Below \$250,000	3	3

Although the Code recommends the full disclosure of the remuneration of each individual director as well as the disclosure of the total remuneration paid to the top five key management personnel in aggregate, the Board believes that disclosure in such detail may be prejudicial to the business interest of the Group given the highly competitive environment it is operating in as well as competitive pressures in the talent market.

The Company does not have any employee who is an immediate family member of a Director or CEO.

## Principle 10: Accountability

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("SFRS") prescribed by the Accounting Standards Council. The Company disseminates half-yearly financial results and other related material information of the Group to Shareholders via announcements to the SGX-ST and, where appropriate, press releases, and media and analyst briefings. In communicating and disseminating its results, the Company aims to present a balanced and clear assessment of the Group's performance, position and prospects. In addition, where appropriate and



# Corporate Governance Report

necessary, details on the Group's diverse business operations are also discussed to provide shareholders and public with clarity and better understanding of its business portfolio. In addition, the Board receives from Senior Management monthly management accounts of significant subsidiaries which present a balanced and understandable assessment of the Group's performance, position and prospects.

## Principle 11: Risk Management and Internal Controls

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the AC and approved by the Board of Directors. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

The Board is responsible for the overall internal control framework and has put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment at least annually to ensure the adequacy thereof. In addition, an annual review is also conducted to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee ("AC"). The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board has also received assurance from the Chief Executive Officer and the Group Financial Controller that (i) 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 risk management and internal control systems in place are effective.

Based on the internal controls established and maintained by the Group, works performed by external and internal auditors and actions taken by the management on the on-going review and continuing efforts at enhancing controls and processes, the Board with the concurrence of the AC, is of the view that the system of internal control (including financial, operational and compliance and information technology controls, and risk management systems) maintained by the Company's management is adequate and effective against material financial misstatements or loss, and includes the safeguarding of shareholders' investments and the Company's assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

## Principle 12: Audit Committee

All members of the Audit Committee ("AC") are non-executive, a majority of whom are independent directors. At the date of this report, the Audit Committee comprises the following members:

Dr Low Seow Chay	Chairman and Independent Director
Mr Lim Yian Poh	Independent Director
Mr Stefan Matthieu Lim Shing Yuan	Non-Executive and Non-Independent Director

The functions of the AC are as follows:

- (a) Review the half-yearly and annual financial statements and the auditors' report of the Group and the Company before submitting to the Board of Directors; such reviews will also include the review of the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;
- (b) Review and reporting to the Board at least annually, with the management and the internal auditor the adequacy and effectiveness of the Group's internal financial controls, operational, compliance controls and information technology controls, and risk management policies and systems established by the management;
- (c) Reviewing the adequacy and effectiveness of the Group's internal audit function; including the audit plans for the year;
- (d) Review the scope, results, cost effectiveness of the external audit, and the independence and objectivity of the external auditors;

# Corporate Governance Report

- (e) To review compliance with the corporate governance guidelines on processes and activities adopted by the Board;
- (f) Review related and interested party transactions; and
- (g) Making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

There is a whistle-blowing policy for the Group and policies and procedures are in place for any staff of the Group who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policies and procedures have been reviewed by the AC.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the Company's management and both the external and internal auditors and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. During the year, the AC met with the external auditors and internal auditors once without the presence of the management. The internal audit plan is reviewed by the AC in consultation with the external auditors. The Company has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to its auditors.

The AC, having reviewed the range and value of non-audit services performed by the external auditors, Nexia TS Public Accounting Corporation, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, are pleased to confirm their re-nomination. During the year under review, the aggregate amount of fees paid to the external auditors for audit and non-audit services amounted to \$81,000 and \$19,000 respectively.

The AC is guided by the terms of reference which stipulate its principal functions.

The AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit functions to ensure that an effective system of control is maintained in the Group.

On a half yearly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

The AC is kept abreast by the Management, Company Secretaries and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

## **Principle 13: Internal Audit**

The Company outsources its internal audit function to an external professional firm, who reports directly to the Chairman of AC and administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner. The Internal Auditor has unfettered access to all the company's documents, records, properties and personnel, including access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

## **Principle 14: Shareholder Rights**

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally provided with fair, relevant, comprehensive, pertinent and timely information of all major developments impacting the Group to enable them to make informed investment decisions.

# Corporate Governance Report

At the Company's annual general meetings, shareholders are given the opportunity to voice their views and ask directors or management questions regarding the Company. Shareholders are also informed of the rules, including voting procedures, that govern general meetings of shareholders.

## Principle 15: Communication with Shareholders

Material price sensitive and other pertinent information are simultaneously disseminated to the SGX-ST, and where relevant, the press. Results and annual reports are announced or issued within the mandatory period. Contact details and channels of communications with shareholders and public remain open and relevant information is duly updated and conveyed via the Company's websites and email channels.

## Principle 16: Conduct of Shareholder Meetings

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings. The Board encourages active shareholder participation in general shareholders' meetings, including AGMs and EGMs. It believes that general meetings are an opportune forum and suitable platform for shareholders and the Board and Management of the Company to engage in active exchange of ideas. In addition, the Company holds such shareholders' meetings onsite at its premises in order to provide shareholders with greater opportunity to understand and appreciate the Company's business operations.

The Company sends its Annual Report and Notice of AGM to all shareholders. The Notice will also be published in either The Straits Times or The Business Times newspapers and will be made available on SGXNET. Separate resolutions are proposed for substantially separate issues at the meeting. At its AGM, shareholders have the opportunity to raise questions to the Board and senior Management, and clarify with them any issues they may have relating to the resolutions to be passed. The Chairman of the Audit, Remuneration and Nominating Committees, Board members and senior Management are required to attend shareholders' meetings and are on hand to address any questions raised. The Company's external auditors are also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditors' report, where necessary and appropriate.

## Dealing in Securities

In line with Listing Rule 1207 (19) of the Listing Manual, the Company has in place a policy prohibiting dealings in the shares of the Company by Directors and Officers of the Company for the period of one month prior to the announcement of the Company's half yearly and yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and Officers are discouraged from trading the Company's securities on short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

## Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There were no interested person transactions (with value more than \$100,000) for the financial year ended 2015 except as follows:

Name of interested person	Nature	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Multicable Manufacturing (S) Pte Ltd	Rental income received	\$383,000
Arda (Zhejiang) Electrical Co., Ltd	Sale and purchase of goods	\$777,000



# Directors' Statement

For the financial year ended 30 September 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 September 2015 and the balance sheet of the Company as at 30 September 2015.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 25 to 77 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 September 2015 and the financial performance of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

## Directors

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

Lim Soo Kong @ Lim Soo Chong  
Hu Zhong Huai  
Low Seow Chay  
Lim Yian Poh  
Stefan Matthieu Lim Shing Yuan

## 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 object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 30.9.2015	At 1.10.2014	At 30.9.2015	At 1.10.2014
<b>The Company</b> (No. of ordinary shares)				
Lim Soo Kong @ Lim Soo Chong	17,139,670	17,139,670	107,011,330	107,011,330
Hu Zhong Huai	17,380,110	17,380,110	107,011,330	107,011,330
<b>Immediate and Ultimate Holding Company</b> - Azzuri Holdings Pte Ltd (No. of ordinary shares)				
Lim Soo Kong @ Lim Soo Chong	2,000,000	2,000,000	–	–
Hu Zhong Huai	2,030,000	2,030,000	–	–

By virtue of Section 7 of Singapore Companies Act (Cap.50), Lim Soo Kong@Lim Soo Chong and Hu Zhong Huai are deemed to have interests in all the ordinary shares of the Company's subsidiary corporations.

The directors' interests in the ordinary shares of the Company and of the immediate and ultimate holding company as at 21 October 2015 were the same as those as at 30 September 2015.

# Directors' Statement

For the financial year ended 30 September 2015

## Share options

No options have been granted to subscribe for unissued shares of the Company or its subsidiary corporations during the financial year.

No shares have been issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations during the financial year.

There were no unissued shares of the Company under option at the end of the financial year.

## Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Low Seow Chay	(Chairman and Independent Director)
Lim Yian Poh	(Independent Director)
Stefan Matthieu Lim Shing Yuan	(Non-Executive and Non-Independent Director)

The AC met 3 times in the financial year under review and carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the AC:

- reviewed with the independent auditor, the audit plan, their evaluation of the Group's system of internal accounting controls, their audit report, management letter and the management's response; and also to review the assistance given by the Company's officers to the independent auditor;
- reviewed the scope and results of audit and its cost effectiveness and the independence and objectivity of the independent auditor, and where the independent auditor also supply a substantial volume of non-audit services to the Company, reviewed the nature and extent of such services to maintain the balance of objectivity and value for money;
- reviewed the half-year and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board of Directors ("the Board") for approval;
- reviewed annually the effectiveness of the Company's material internal controls including financial, operational and compliance control and risk management;
- reviewed the independence of the independent auditor annually;
- considered and made recommendations to the Board on the appointment, re-appointment and removal of independent auditor, their remuneration and terms of engagement;
- ensured that the internal audit function is adequately resourced and has appropriate standing within the Company and to review the adequacy of the function annually;
- reviewed the scope and results of the internal audit procedures;
- met with the independent and internal auditors without the presence of the management annually;
- reviewed interested persons transactions to comply with the rules of the Listing Manual of Singapore Exchange Securities Trading and other relevant statutory requirements and any potential conflicts of interest; and
- commissioned and reviewed the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

# Directors' Statement

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For the financial year ended 30 September 2015

## **Independent Auditor**

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

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**Lim Soo Kong @ Lim Soo Chong**  
*Director*

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**Hu Zhong Huai**  
*Director*

24 December 2015



# Independent Auditor's Report

To the Members of Casa Holdings Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Casa Holdings Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 25 to 77, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 September 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that 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.

### *Auditor's Responsibility*

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

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

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

### *Basis for Qualified Opinion*

The Company's investment in Fiamma Holdings Berhad ("Fiamma"), an associated company, is accounted for using the equity method, and is carried at \$29.9 million (2014: \$31.6 million) in the consolidated balance sheet as at 30 September 2015. The Group's share of Fiamma's results of \$5.2 million (2014: \$4.0 million) and other comprehensive loss of \$6.1 million (2014: \$0.3 million) are included in the consolidated statement of comprehensive income for the financial year then ended.

Fiamma is a company listed on the Main Market of Bursa Malaysia. The component auditor cited Listing Rules of Bursa Malaysia as a factor in not being able to allow us access to themselves or their audit working papers. The component auditor was not agreeable to discuss the financial affairs and the audit of Fiamma. Due to the above restriction, we were also not able to perform any other satisfactory alternative procedures for us to fulfill the requirements of Singapore Standard on Auditing 600, Special Considerations – Audit of Group Financial Statements (including the Work of Component Auditors). Therefore, we were unable to obtain sufficient appropriate evidence to ascertain the carrying amount of the Group's investment in Fiamma as at 30 September 2015 and the Group's share of Fiamma's results and other comprehensive income for the financial year then ended, and were unable to determine whether adjustments, if any, to these amounts were necessary.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

# Independent Auditor's Report

To the Members of Casa Holdings Limited

## **Report on Other Legal and Regulatory Requirements**

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

**Nexia TS Public Accounting Corporation**  
*Public Accountants and Chartered Accountants*

**Director in-charge: Loh Ji Kin**  
Appointed since financial year ended: 30 September 2011

Singapore

24 December 2015

# Consolidated Statement of Comprehensive Income

For the financial year ended 30 September 2015

	Note	Group	
		2015 \$'000	2014 \$'000
<b>Continuing operations</b>			
Sales	4(a)	18,010	23,696
Cost of sales		(10,652)	(13,358)
Gross profit		7,358	10,338
Other income	4(b)	1,226	1,186
Other gains/ (losses) – net	4(c)	329	(1,356)
Expenses			
- Selling and distribution		(1,488)	(1,788)
- Administrative		(7,570)	(7,089)
- Finance	8	(1,683)	–
Gain on disposal of a subsidiary corporation	11	3,728	–
Share of results of associated companies	16	5,166	4,036
<b>Profit before income tax</b>		7,066	5,327
Income tax expense	9(a)	(338)	(722)
<b>Profit from continuing operations</b>		6,728	4,605
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	5	(715)	(1,524)
<b>Total profit</b>		6,013	3,081
<b>Other comprehensive (loss)/income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses)/gains		(1,753)	612
Share of other comprehensive losses of associated companies		(6,108)	(316)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains of property, plant and equipment		–	11,805
<b>Other comprehensive (loss)/income, net of tax</b>		(7,861)	12,101
<b>Total comprehensive (loss)/income</b>		(1,848)	15,182
<b>Net profit/(loss) attributable to:</b>			
Equity holders of the Company		7,783	3,663
Non-controlling interests		(1,770)	(582)
		6,013	3,081
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		1,079	15,503
Non-controlling interests		(2,927)	(321)
		(1,848)	15,182
<b>Earnings/(loss) per share for profit attributable to equity holders of the Company- basic and diluted (cents per share)</b>			
	10		
- Continuing operations		4.05	2.47
- Discontinued operations		(0.34)	(0.72)
		3.71	1.75

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

# Balance Sheets

As at 30 September 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	13,040	12,666	5,296	4,379
Trade and other receivables	12	7,135	5,474	8,403	10,787
Inventories	13	4,184	7,148	–	–
Development properties	14	52,879	59,080	–	–
		<u>77,238</u>	<u>84,368</u>	<u>13,699</u>	<u>15,166</u>
<b>Non-current assets</b>					
Club membership	15	9	9	–	–
Investments in an associated companies	16	30,239	31,587	14,812	14,452
Investments in subsidiary corporations	17	–	–	12,959	12,959
Investment properties	18	789	789	789	789
Property, plant and equipment	19	21,441	26,357	–	–
Land use rights	20	–	843	–	–
Deferred income tax assets	21	46	55	–	–
Derivative financial instrument	25	5,163	–	–	–
		<u>57,687</u>	<u>59,640</u>	<u>28,560</u>	<u>28,200</u>
<b>Total assets</b>		<u>134,925</u>	<u>144,008</u>	<u>42,259</u>	<u>43,366</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	22	16,631	26,707	7,525	7,631
Provisions	23	319	374	–	–
Borrowings	24	2,892	2,447	–	–
Current income tax liabilities	8(b)	413	732	–	–
		<u>20,255</u>	<u>30,260</u>	<u>7,525</u>	<u>7,631</u>
<b>Non-current liabilities</b>					
Borrowings	24	36,006	32,713	–	–
Derivative financial instrument	25	–	300	–	–
Other payables	22	3,005	–	–	–
Provisions	23	160	–	–	–
		<u>39,171</u>	<u>33,013</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>		<u>59,426</u>	<u>63,273</u>	<u>7,525</u>	<u>7,631</u>
<b>NET ASSETS</b>		<u>75,499</u>	<u>80,735</u>	<u>34,734</u>	<u>35,735</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	26	32,315	32,315	32,315	32,315
Currency translation reserves		(11,063)	(4,489)	–	–
Revaluation reserves		12,827	14,020	–	–
Retained profits		36,554	30,869	2,419	3,420
		<u>70,633</u>	<u>72,715</u>	<u>34,734</u>	<u>35,735</u>
<b>Non-controlling interests</b>		<u>4,866</u>	<u>8,020</u>	<u>–</u>	<u>–</u>
<b>Total equity</b>		<u>75,499</u>	<u>80,735</u>	<u>34,734</u>	<u>35,735</u>

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



# Consolidated Statement of Changes in Equity

For the financial year ended 30 September 2015

	Note	Attributable to equity holders of the Company				Total	Non- controlling interests	Total equity
		Share capital	Currency translation reserves <sup>(a)</sup>	Revaluation reserves <sup>(a)</sup>	Retained profits <sup>(b)</sup>			
		\$'000	\$'000	\$'000	\$'000			
<b>2015</b>								
Beginning of financial year		32,315	(4,489)	14,020	30,869	72,715	8,020	80,735
Total comprehensive (loss)/ income for the financial year		–	(6,704)	–	7,783	1,079	(2,927)	(1,848)
Dividend relating to 2014 paid	27	–	–	–	(2,098)	(2,098)	–	(2,098)
Disposal of subsidiary corporation	11	–	130	(1,193)	–	(1,063)	(227)	(1,290)
End of financial year		<u>32,315</u>	<u>(11,063)</u>	<u>12,827</u>	<u>36,554</u>	<u>70,633</u>	<u>4,866</u>	<u>75,499</u>
<b>2014</b>								
Beginning of financial year		32,315	(4,705)	2,396	29,304	59,310	155	59,465
Total comprehensive income/ (loss) for the financial year		–	216	11,624	3,663	15,503	(321)	15,182
Dividend relating to 2013 paid	27	–	–	–	(2,098)	(2,098)	–	(2,098)
Capital contribution		–	–	–	–	–	8,186	8,186
End of financial year		<u>32,315</u>	<u>(4,489)</u>	<u>14,020</u>	<u>30,869</u>	<u>72,715</u>	<u>8,020</u>	<u>80,735</u>

(a) Currency translation reserves and revaluation reserves are non-distributable.

(b) Retained profits of the Group are distributable except for accumulated retained profits of associated company amounting to \$29,377,000 (2014: \$24,211,000).

*The accompanying notes form an integral part of these financial statements.*

# Consolidated Statement of Cash Flows

For the financial year ended 30 September 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Net profit		6,013	3,081
Adjustments for:			
- Income tax expense		338	722
- Amortisation and depreciation charge		1,296	633
- Property, plant and equipment written off		-	163
- Interest income		(76)	(39)
- Interest expense		1,817	143
- Share of results of associated companies		(5,166)	(4,036)
- Fair value loss on financial assets at fair value through profit or loss		-	10
- Fair value gain on investment properties		-	(156)
- Gain on disposal of financial assets, at fair value through profit or loss		-	(8)
- Gain on disposal of property, plant and equipment		(9)	(6)
- Gain on disposal of a subsidiary corporation		(3,728)	-
- Gain on deemed disposal of a joint venture		-	(1,276)
- Impairment loss on goodwill		-	2,615
- Gain on amortisation of interest-free payables		(908)	-
- Unrealised currency translation loss		657	463
		<u>234</u>	<u>2,309</u>
Change in working capital			
- Inventories		465	1,149
- Trade and other receivables		(2,706)	9,334
- Trade and other payables		5,543	204
- Development properties		(3,622)	(58,370)
Cash used in operations		<u>(86)</u>	<u>(45,374)</u>
Income taxes paid		<u>(648)</u>	<u>(654)</u>
<b>Net cash used in operating activities</b>		<u>(734)</u>	<u>(46,028)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(548)	(3,007)
Additions to investment properties		-	(240)
Proceeds from disposal of property, plant and equipment		9	17
Proceeds from disposal of financial assets, at fair value through profit or loss		-	80
Additions to Investment in associated company		(360)	-
Acquisition of a subsidiary corporation, net of cash acquired		-	(1,127)
Disposal of a subsidiary corporation, net of cash disposed of		(641)	-
Dividends received from associated company		766	1,062
Interest received		76	39
<b>Net cash used in investing activities</b>		<u>(698)</u>	<u>(3,176)</u>
<b>Cash flows from financing activities</b>			
Movement in bills payable		(171)	(1,649)
Repayment of bank borrowings		(123)	(2,274)
Proceeds from bank borrowings		6,500	35,456
Proceeds from non-controlling interests		-	8,186
Proceeds from related parties' borrowings		137	14,866
Dividends paid to shareholders		(2,098)	(2,098)
Interest paid		(2,152)	(913)
Decrease/(increase) in bank deposits pledged		378	(949)
<b>Net cash provided by financing activities</b>		<u>2,471</u>	<u>50,625</u>
<b>Net increase in cash and cash equivalents</b>		1,039	1,421
<b>Cash and cash equivalents at beginning of the financial year</b>		11,543	10,121
Effects of currency translation on cash and cash equivalents		(287)	1
Cash and cash equivalents at end of the financial year	11	<u>12,295</u>	<u>11,543</u>

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

# Notes to Financial Statements

For the financial year ended 30 September 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 General

Casa Holdings Limited (the "Company") is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 15 Kian Teck Crescent, Singapore 628884.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary corporations are set out in Note 17 to the financial statements.

## 2 Significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. The consolidated financial statements are presented in Singapore dollar ("S\$") and all values are rounded to the nearest thousand ('000) except otherwise indicated.

#### Interpretation and amendments to published standards effective in 2015

On 1 October 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

#### *FRS 112 Disclosures of Interest in Other Entities*

The Group has adopted the above new FRS on 1 October 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangement, and replace the disclosure requirement currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 October 2014. The Group has incorporated the additional required disclosures into the financial statements.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sale of goods

Revenue from these sales is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, and it is probable that the goods will not be returned.

(ii) Rendering of service

Revenue from rendering of services is recognised on the performance of services.

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

### 2.3 Group accounting

(a) Subsidiary corporations

(i) *Consolidation*

Subsidiary corporations are entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interest based on their respective interest in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) *Acquisition*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to paragraph "Intangible assets – Goodwill on Acquisition" for the accounting policy on goodwill subsequent to initial recognition.

(iii) *Disposal*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

#### (c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represent the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amounts of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make or has made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its shares of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated companies are changed when necessary to ensure consistency with the accounting policies adopted by the Group.

#### (d) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

### 2.4 Property, plant and equipment

#### (a) Measurement

##### (i) Land and buildings

In the prior financial year, the Group has changed its policy on land and buildings from cost model to revaluation model. Under this new policy, land and buildings are initially recorded at cost. Freehold land is subsequently carried at revalued amount less accumulated impairment losses. Leasehold land and buildings are subsequently stated at the revalued amount less accumulated depreciation and accumulated impairment losses.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.4 Property, plant and equipment (continued)

#### (a) Measurement (continued)

##### (i) Land and buildings (continued)

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

##### (ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (iii) Components of cost

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing cost (refer to paragraph on "Borrowing costs").

#### (b) Depreciation

Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land and buildings	40 – 46 Years
Plant and machinery	10 Years
Furniture and fittings	2 – 10 Years
Motor vehicles	5 – 8 Years

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

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.5 Land use rights

Cost of acquisition of land use rights is capitalised and amortised on a straight-line basis over the remaining terms of lease.

The amortisation period and method are reviewed at each financial year end. The amortisation expense is recognised in profit or loss.

### 2.6 Club membership

Club membership is stated at cost less accumulated impairment losses.

### 2.7 Intangible assets

Goodwill on acquisition of subsidiary corporation on or after 1 January 2010 represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over and the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiary corporation and businesses prior to 1 January 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiary corporation is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations and associated companies include the carrying amount of goodwill relating to the entity sold.

### 2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

### 2.9 Investment properties

Investment properties include those portions of residential units that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and best-use basis. Changes in fair values are recognised in profit or loss.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.10 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporations and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiary corporations and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.11 Impairment of non-financial assets

#### (a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

#### (b) Property, plant and equipment, land use rights and club membership Investments in subsidiary corporations and associated companies

Property, plant and equipment, land use rights, club membership and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.12 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) *Financial assets, at fair value through profit or loss*

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

##### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables” and “cash and cash equivalents” on the balance sheet.

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

#### (c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) Subsequent measurement

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

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.12 Financial assets (continued)

#### (e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

### 2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.14 Financial guarantees

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

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

### 2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after that balance sheet date. Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.16 Trade and other payables

Trade and payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.18 Leases

#### (a) When the Group is the lessee

The Group leases certain property, plant and equipment under operating leases from non-related parties.

#### Finance leases

Lease where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the lease based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expenses and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

#### Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

#### (b) When the Group is the lessor

The Group leases certain property, plant and equipment under operating leases to related parties.

#### Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.18 Leases (continued)

(b) When the Group is the lessor (continued)

Initial direct costs incurred by the Group in negotiating and arranging operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### 2.19 Inventories

Inventories which comprise electrical and electronic home appliances are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all cost in bringing the inventories to their present location and condition but excludes borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

### 2.20 Development properties

Development properties are those properties which are held with the intention for development and sale in the ordinary course of business. They are stated at the lower of cost plus a portion of attributable profit (where appropriate) less progress billings and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprise specifically identified costs, including cost of land, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis as part of the cost of the development property until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that cost of development property will exceed sale proceed of the development property, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycles longer than one year.

Sales of development properties under construction in respect of sale and purchase agreements are entered into prior to completion of construction are recognised when the properties are delivered to the buyer, except in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

### 2.21 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.21 Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment properties measured at fair value is presumed to be entirely through sales.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that is probable that future taxable profit will be available against which the unused tax credit can be utilised.

### 2.22 Provisions

Provisions for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

### 2.23 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

- (i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

- (ii) Employee leave entitlement

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

### 2.24 Currency translation

- (a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.24 Currency translation(continued)

#### (b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within “finance cost”. All other foreign exchange gains and losses impacting profit or loss are presented in the profit or loss within “other gains/losses – net”.

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

#### (c) Translation of Group entities’ financial statements

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

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the other comprehensive income and accumulated in the currency translation reserve. These currency translation difference are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustment arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at reporting date.

### 2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.26 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

### 2.27 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 2. Significant accounting policies (continued)

### 2.28 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### 2.29 Derivative financial instruments

Cross currency interest rate swap

Cross currency interest rate swaps are transacted to hedge the Group's exposure on foreign currency borrowings. The fair value changes on the cross currency interest rate swaps are recognised immediately in profit or loss.

## 3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced.

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will decrease/increase by \$8,000 (2014: \$24,000).

### *Uncertain tax positions*

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the financial period in which such determination is made. The carrying amount of income tax and deferred income tax is disclosed in Note 9 and Note 21 respectively.

### *Fair value estimation on derivative financial instruments*

The Group holds a cross currency swap with a carrying amount of \$5.2 million (2014: \$(0.3) million) The Group has used discounted cash flow analysis for valuing this financial instrument and made estimates about future cash flows.

If the interest rate used in the discounted cash flow analysis had been higher/lower by 0.5% from management estimates, the Group's carrying amount of derivative financial instrument would have been higher/lower by \$712,000 (2014: \$20,000)

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 4 Sales and other income - continuing operations

	Group	
	2015 \$'000	2014 \$'000
(a) Sale of goods	18,010	23,696
(b) <u>Other income:</u>		
Service income	732	713
Rental income on operating lease	415	390
Interest income from bank deposits	76	32
Other income	3	51
	<u>1,226</u>	<u>1,186</u>
(c) <u>Other gains/(losses)- net:</u>		
Fair value loss on financial assets, at fair value through profit or loss	-	(10)
Fair value gains on investment properties (Note 18)	-	156
Gain on disposal of financial assets, at fair value through profit or loss	-	8
Gain on deemed disposal of a joint venture	-	1,276
Impairment loss on goodwill (Note 11)	-	(2,615)
Foreign exchange loss – net	(579)	(173)
Gain on amortisation of interest-free payables	908	-
Others	-	2
	<u>329</u>	<u>(1,356)</u>

In 2014, the Group recognised goodwill on acquisition of \$2,615,000 and gain on deemed disposal of \$1,276,000 upon acquisition of the remaining 50% equity interest in a joint venture. The goodwill was fully impaired in the same year.

## 5. Discontinued operations

On 31 August 2015, the Group disposed of its entire 86.8% interest in Changzhou Asteras Air-Conditioning Manufacturer Co., Ltd, a subsidiary corporation in China for a cash consideration of \$1,510,000. The results of the subsidiary corporation and the gain on disposal are presented separately in the statement of comprehensive income as “Discontinued operations”.

The result of the discontinued operations and the gain on disposal are as follows:

	Group	
	2015 \$'000	2014 \$'000
Sales	6,827	6,540
Expenses	(7,542)	(8,064)
Loss before tax from discontinued operations	(715)	(1,524)
Tax	-	-
Loss after tax from discontinued operations	<u>(715)</u>	<u>(1,524)</u>
Profit/(loss) attributable to equity holders of the Company relates to:		
- Profit from continuing operations	8,498	5,187
- Loss from discontinued operations	(715)	(1,524)
Total	<u>7,783</u>	<u>3,663</u>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 5. Discontinued operations (continued)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Operating cash inflows/(outflows)	677	(193)
Investing cash inflows/(outflows)	9	(1)
Financing cash outflows	(135)	(145)
Total cash inflows/(outflows)	551	(339)

## 6. Expenses by nature – continuing operations

	Group	
	2015	2014
	\$'000	\$'000
Advertising and promotion	117	502
Allowance for impairment of trade receivables	83	184
Allowance for impairment of non trade receivables – related party	479	–
Depreciation of property, plant and equipment (Note 19)	1,121	446
Directors' remuneration	599	812
Employee compensation (Note 7)	3,928	3,555
Installation and delivery charges	459	535
Repair and maintenance	76	76
Rental expense on operating lease	164	175
Provision for warranty claims (Note 23)	124	215
Freight charges	306	458
Fees on audit services paid/payable to:		
- auditors of the Company	81	84
- other auditors	36	31
Fees on non-audit services paid/payable to:		
- auditors of the Company	19	17
Gain on disposal of property, plant and equipment	(9)	(13)
Legal and professional fees	81	210
Office expense	325	450
Utilities	133	105
Reversal of allowance for impairment of trade receivables – non-related parties	(94)	(77)
Inventories:		
- cost of inventories recognised as an expense (included in cost of sales)	10,652	13,358
Other expenses	1,030	1,112
Total cost of sales, selling and distribution costs and administrative expenses	19,710	22,235



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 7 Employee compensation

	Group	
	2015 \$'000	2014 \$'000
Wages and salaries	4,846	4,573
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	410	364
	5,256	4,937
less: Amounts attributable to discontinued operations	(1,328)	(1,382)
Amount attributable to continuing operations (Note 6)	3,928	3,555

## 8 Finance expenses

	Group	
	2015 \$'000	2014 \$'000
Interest expense		
- Bank borrowings	2,151	913
- Amortised interest on interest-free payables	208	-
- Finance lease liabilities	2	-
	2,361	913
Less: Borrowings costs capitalised in development properties	(544)	(710)
Less: Borrowings costs capitalised in assets under construction	-	(60)
Finance expenses recognised in profit or loss	1,817	143
Less: Amounts attributable to discontinued operations	(134)	(143)
Amount attributable to continuing operations	1,683	-

Borrowings costs were capitalised at the rate ranging between 4.87% - 5.93% (2014: 5.11% - 6.30%) per annum.

## 9 Income taxes

### (a) Income tax expense

	Group	
	2015 \$'000	2014 \$'000
Tax expense attributable to profit is made up of:		
<u>From continuing operations</u>		
- Profit from current financial year		
Current income tax - Singapore	329	722
- Deferred income tax (Note 21)	9	-
	338	722

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 9 Income taxes (continued)

### (a) Income tax expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	2014
	\$'000	\$'000
Profit before tax from continuing operations	7,066	5,327
Loss before tax from discontinued operations	(715)	(1,524)
Share of results of associated companies (Note 16)	(5,166)	(4,036)
Profit/(loss) before income tax and associated company	1,185	(233)
Tax calculated at tax rate of 17% (2014: 17%)	201	(40)
Effects of:		
- expenses not deductible for tax purposes	434	628
- income not subject to tax	(787)	(229)
- deferred income tax assets not recognised	490	363
Tax charge	338	722

### (b) Movements in current income tax liabilities

	Group	
	2015	2014
	\$'000	\$'000
Beginning of financial year	732	664
Income tax paid	(648)	(654)
Tax expense for current financial year	329	722
End of financial year	413	732

(c) There is no tax charge relating to the components of other comprehensive income.

## 10 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2015	2014
Net profit from continuing operations (\$'000)	8,498	5,187
Net loss from discontinued operations (\$'000)	(715)	(1,524)
Net profit attributable to equity holders of the Company (\$'000)	7,783	3,663
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	209,826	209,826
Basic earnings per share per continuing operations (cents per share)	4.05	2.47
Basic loss per share per discontinued operations (cents per share)	(0.34)	(0.72)
Basic earnings per share (cents per share)	3.71	1.75

There are no dilutive potential ordinary shares during the financial year.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 11 Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and on hand	12,282	11,773	5,296	4,379
Short-term bank deposits	758	893	–	–
	<u>13,040</u>	<u>12,666</u>	<u>5,296</u>	<u>4,379</u>

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

	Group	
	2015 \$'000	2014 \$'000
Cash and cash equivalents (as above)	13,040	12,666
Less: Bank deposits pledged	(745)	(1,123)
Cash and cash equivalents per consolidated statement of cash flows	<u>12,295</u>	<u>11,543</u>

Bank deposits amounting to \$745,000 (2014: \$1,123,000) were pledged to the bank to secure credit facilities of the subsidiary corporations (Note 24).

### Disposal of a subsidiary corporation

On 31 August 2015, the Group disposed of its remaining 86.8% equity interest in Changzhou Asteras Air Conditioning Manufacturer Co., Ltd, for a cash consideration of RMB 6,944,000 (equivalent to approximately \$1,510,000). The effects of the disposal on the cash flows of the Group were:

	Group 2015 \$'000
<i><u>Carrying amount of assets and liabilities disposed of</u></i>	
Cash and cash equivalents	2,151
Trade and other receivables	1,026
Inventories	2,498
Land use rights	824
Property, plant and equipment	3,370
Total assets	<u>9,869</u>
Trade and other payables	8,187
Bank borrowings	2,431
Provision for warranty	179
Total liabilities	<u>10,797</u>
Net liabilities disposed of	(928)
Less: Non-controlling interest	(227)
Net liabilities disposed of after non-controlling interest	<u>(1,155)</u>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 11 Cash and cash equivalents (continued)

### Disposal of a subsidiary corporation (continued)

	Group
	2015
	\$'000
The aggregate cash outflow arising from disposal of Changzhou Asteras Air Conditioning Manufacturer Co., Ltd were:	
Net liabilities disposed of after non-controlling interest	(1,155)
Add: Reclassification of currency translation reserve	130
Less: Reclassification of revaluation reserve	(1,193)
Add: Gain on disposal	3,728
Cash consideration	1,510
Less: Cash and cash equivalent disposed	(2,151)
Net cash outflow on disposal	<u>(641)</u>

### Acquisition of a subsidiary corporation

On 28 November 2013, the Group further acquired its remaining 50% equity interest in Uno Casa S.A.R.L. ("Uno Casa") for a cash consideration of MAD7,400,000 (\$1,156,000). Subsequent to the acquisition, Uno Casa became a 100% owned subsidiary corporation of the Group. Such acquisition has resulted in a goodwill on acquisition of \$2,616,000 and gain on deemed disposal of \$1,276,000 (Note 4(c)). The management has fully impaired the goodwill arising from the acquisition of Uno Casa in prior financial year (Note 4(c)) as the recoverable amount of Uno Casa, the cash-generating unit ("CGU") determine based on value-in-use was lower than the changing amount of the CGU. The effects of the acquisition on the cash flows of the Group are:

	Group
	2014
	\$'000
<u>Carrying amount of assets and liabilities acquired of</u>	
Cash and cash equivalents	29
Trade and other receivables	195
Inventories	601
Property, plant and equipment	1,324
Total assets	<u>2,149</u>
Trade and other payables	(2,453)
Total liabilities	<u>(2,453)</u>
Net liabilities acquired	(304)
Add: Goodwill	2,615
Less: Fair value of initial investment	(1,155)
Cash consideration	1,156
Less: Cash and cash equivalents acquired	(29)
Net cash outflow on acquisition	<u>1,127</u>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 12 Trade and other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables- Non-related parties	3,774	5,137	-	-
Less: Allowance for impairment of receivables (Note 32(b))	(385)	(602)	-	-
Trade receivables-net	3,389	4,535	-	-
Non-trade receivables:				
- Non-related parties	216	512	-	-
- Associated company	3,722	-	-	-
- Subsidiary corporations	-	-	8,321	10,723
	3,938	512	8,321	10,723
Less: Allowance for impairment of non-trade receivables				
- Non-related parties (Note 32(b))	-	(69)	-	-
- Associated company (Note 32(b))	(479)	-	-	-
Non-trade receivables-net	3,459	443	8,321	10,723
Staff loans	-	78	-	-
Prepayments	142	332	25	28
Deposits	145	86	57	36
	7,135	5,474	8,403	10,787

Non-trade receivables from an associated company and subsidiary corporations are unsecured, interest free and receivable on demand.

Staff loans were unsecured, interest-free and receivable on demand.

## 13 Inventories

	Group	
	2015 \$'000	2014 \$'000
Raw materials	-	992
Work-in-progress	-	226
Finished goods	4,184	5,930
	4,184	7,148

The Group has recognised a reversal of \$31,000 (2014: \$93,000), being part of inventory write-down made in prior financial years, as the inventories were sold above the carrying amounts in 2015.



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 14 Development Properties

	Group	
	2015	2014
	\$'000	\$'000
Cost of land	47,985	58,047
Development cost	3,763	323
Interest capitalised	1,131	710
	<u>52,879</u>	<u>59,080</u>

(a) As at 30 September 2015, development properties with a carrying value of \$47,985,000 (2014: \$46,448,000) are mortgaged to banks for credit facilities granted (Note 24).

(b) Details of the development properties of the Group at 30 September 2015 are as follows:

Description and location	Purpose	Tenure	Site area sqm	Stage of completion	Group's effective interest
Teluk Jawa, Mukim of Plentong, Johor, Malaysia	Residential and commercial	Freehold	53,671	–	34.3%
Title GM339, Lot 5, Mukim of Plentong, Johor, Malaysia	Residential and commercial	Freehold	18,590	–	34.3%
Title GM340, Lot 6, Mukim of Plentong, Johor, Malaysia	Residential and commercial	Freehold	16,971	–	34.3%

As at 30 September 2015, the Group had allocated 13,000 sqm of the land area of Teluk Jawa, Mukim of Plentong, Johor, Malaysia to the Seventh Cove residential project. The first phase of this development is expected to be completed by end 2019.

The Group is in the process of converting the lands under Titles GM 339 Lot 5 and GM 340 Lot 6, Mukim of Plentong, Johor, Malaysia into residential and commercial zoning.

## 15 Club membership

	Group	
	2015	2014
	\$'000	\$'000
At cost	41	41
Less: Allowance for impairment	(32)	(32)
	<u>9</u>	<u>9</u>

## 16 Investments in associated companies

	Company	
	2015	2014
	\$'000	\$'000
Investment in equity shares, at cost	<u>14,812</u>	<u>14,452</u>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 16 Investments in associated companies (continued)

	Group	
	2015	2014
	\$'000	\$'000
Beginning of financial year	31,587	28,929
Share of results of associated companies	5,166	4,036
Dividend received	(766)	(1,062)
Currency translation differences	(6,108)	(316)
Addition	360	–
End of financial year	30,239	31,587

The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, the country of incorporation is also their principal of business.

Name of entity	Place of business/ country of Incorporation	% of ownership Interest	
		2015	2014
Fiamma Holdings Berhad	Malaysia	24.98	25.06
Asteras Holdings Pte Ltd	Singapore	20.00	–

Fiamma Holdings Berhad is an investment holding company with subsidiary corporations operating in Malaysia. The auditor of Fiamma Holdings Berhad is KPMG Malaysia.

As at 30 September 2015, the fair value of the Group's interest in Fiamma Holdings Berhad, which is listed in the Kuala Lumpur Stock Exchange, was \$20,829,000 (2014: \$29,612,000). The fair value measurement is classified within Level 1 of the fair value hierarchy. The carrying amount of the Group's interest was \$29,879,000 (2014: \$31,587,000).

There are no contingent liabilities relating to the Group's interest in the associated company.

*Summarised financial information for associated company*

Set out below are the summarised financial information for Fiamma Holdings Berhad.

*Summarised balance sheet*

	Fiamma Holdings Berhad As at 30 September	
	2015	2014
	\$'000	\$'000
<b>Current assets</b>	133,598	147,484
Includes:		
- Cash and cash equivalents	29,583	44,634
<b>Current liabilities</b>	53,137	49,819
Includes:		
- Financial liabilities (excluding trade payables)	29,307	25,428
<b>Non-current assets</b>	76,330	36,010
<b>Non-current liabilities</b>	31,772	2,519
Includes:		
- Financial liabilities	26,092	1,395
- Other liabilities	5,680	1,124
<b>Net assets</b>	125,019	131,156

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 16 Investments in associated companies (continued)

*Summarised statement of comprehensive income*

	Fiamma Holdings Berhad As at 30 September	
	2015	2014
	\$'000	\$'000
Revenue	121,993	131,545
Interest income	1,389	943
Expenses Includes:		
- Depreciation and amortisation	(1,231)	(1,218)
- Interest expense	(1,369)	(814)
Profit before income tax	27,588	24,578
Income tax expense	(5,422)	(6,889)
Net profit	22,166	17,689
Other comprehensive income/(loss)	819	(35)
<b>Total comprehensive income</b>	<b>22,985</b>	<b>17,654</b>
<b>Dividends received from associated company</b>	<b>766</b>	<b>1,062</b>

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

*Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

	Total As at 30 September	
	2015	2014
	\$'000	\$'000
<b>Net assets</b>		
At 1 October	131,156	118,782
Profit for the financial year	22,165	17,689
Other comprehensive income	819	(35)
Other equity transaction	(3,278)	(3,959)
Foreign exchange differences	(25,843)	(1,321)
<b>At 30 September</b>	<b>125,019</b>	<b>131,156</b>
Interest in an associated company (2015: 24.98%, 2014: 25.06%)	31,229	32,867
Less: Goodwill	(1,350)	(1,280)
<b>Carrying value of of Fiamma Holdings Berhad</b>	<b>29,879</b>	<b>31,587</b>
<b>Add:</b>		
Carrying value of individually immaterial associated company	360	-
<b>Carrying value of the Group's interest in associated companies</b>	<b>30,239</b>	<b>31,587</b>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 17 Investments in subsidiary corporations

	Company	
	2015 \$'000	2014 \$'000
Equity investments, at cost	12,402	12,402
Non-current advances	1,157	1,139
	<u>13,559</u>	<u>13,541</u>
Less: Allowance for impairment		
Beginning of financial year	(582)	(582)
Addition	(18)	–
End of financial year	<u>(600)</u>	<u>(582)</u>
	<u>12,959</u>	<u>12,959</u>

Details of the subsidiary corporations are as follows:

Name of companies	Principal activities	Country of incorporation	Equity interest held by the Group		Equity interest held by non-controlling interests	
			2015 %	2014 %	2015 %	2014 %
<i>Held by the Company</i>						
Casa (S) Pte. Ltd. <sup>(1)</sup>	Distributor of electrical and electronic home appliances	Singapore	100	100	–	–
Casa International Pte Ltd <sup>(1)</sup>	Dormant	Singapore	100	100	–	–
Asteras Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	100	100	–	–
Casa Global Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	–	–
Casa Poly Builder Sdn. Bhd. <sup>(2)</sup>	Property holding	Malaysia	55	55	45	45
Casa Property Holdings Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	–	–
<i>Held by Casa Property Holdings Pte. Ltd</i>						
Casa Property Development Sdn Bhd <sup>(2)(4)</sup>	Property development	Malaysia	34.3	34.3	65.7	65.7
Fantastic Modern Sdn. Bhd. <sup>(2)(4)</sup>	Property development	Malaysia	34.3	34.3	65.7	65.7
Genius Chamber Sdn. Bhd. <sup>(2)(4)</sup>	Property development	Malaysia	34.3	34.3	65.7	65.7
<i>Held by Casa Global Pte. Ltd</i>						
Uno Casa S.A.R.L. <sup>(3)</sup>	Distributor and trading of home appliances	Morocco	100	100	–	–
<i>Held by Asteras Pte. Ltd</i>						
Changzhou Asteras Air Conditioning Manufacturer Co., Ltd <sup>(2)(5)</sup>	Manufacturing of air conditioning units	People's Republic of China	–	86.8	100	13.2

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.

(2) Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.

(3) Not required to be audited for current financial year as the subsidiary corporation has no significant impact to the financial statements of the Group.

(4) These subsidiary corporations are regarded as subsidiary corporations of the Group within the definition of FRS110 – “Consolidated and Separate Financial Statements”.

(5) The entity is now wholly owned by Asteras Holdings Pte Ltd, an associated company of the Group (Note 16)

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 17 Investments in subsidiary corporations (continued)

*Carrying value of non-controlling interest*

	Group	
	2015 \$'000	2014 \$'000
Casa Property Development Sdn Bhd	4,682	7,287
Fantastic Modern Sdn. Bhd	71	229
Genius Chamber Sdn. Bhd	132	244
Changzhou Asteras Air-Conditioning Manufacturer Co., Ltd	–	227
Subsidiary with immaterial non-controlling interests	(19)	33
<b>Total</b>	<b>4,866</b>	<b>8,020</b>

	Casa Property Development Sdn Bhd		Fantastic Modern Sdn Bhd		Genius Chamber Sdn Bhd	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets	44,726	56,001	5,539	6,549	4,478	5,287
Liabilities	(16,716)	(16,331)	(1,837)	(6,201)	(1,396)	(4,915)
<b>Total current assets</b>	<b>28,010</b>	<b>39,670</b>	<b>3,702</b>	<b>348</b>	<b>3,082</b>	<b>372</b>
<b>Non-current</b>						
Assets	7,475	2,587	–	–	–	–
Liabilities	(28,359)	(31,165)	(3,593)	–	(2,881)	–
<b>Total non-current assets</b>	<b>(20,884)</b>	<b>(28,578)</b>	<b>(3,593)</b>	<b>–</b>	<b>(2,881)</b>	<b>–</b>
<b>Net assets</b>	<b>7,126</b>	<b>11,092</b>	<b>109</b>	<b>348</b>	<b>201</b>	<b>372</b>

*Summarised balance sheets*

### Current

Assets	44,726	56,001	5,539	6,549	4,478	5,287
Liabilities	(16,716)	(16,331)	(1,837)	(6,201)	(1,396)	(4,915)
<b>Total current assets</b>	<b>28,010</b>	<b>39,670</b>	<b>3,702</b>	<b>348</b>	<b>3,082</b>	<b>372</b>

### Non-current

Assets	7,475	2,587	–	–	–	–
Liabilities	(28,359)	(31,165)	(3,593)	–	(2,881)	–
<b>Total non-current assets</b>	<b>(20,884)</b>	<b>(28,578)</b>	<b>(3,593)</b>	<b>–</b>	<b>(2,881)</b>	<b>–</b>
<b>Net assets</b>	<b>7,126</b>	<b>11,092</b>	<b>109</b>	<b>348</b>	<b>201</b>	<b>372</b>

*Summarised income statements*

Revenue	–	–	–	–	–	–
<b>Loss before income tax</b>	<b>(2,299)</b>	<b>(581)</b>	<b>(204)</b>	<b>(40)</b>	<b>(120)</b>	<b>(17)</b>
Income tax expenses	–	–	–	–	–	–
<b>Total comprehensive loss</b>	<b>(2,299)</b>	<b>(581)</b>	<b>(204)</b>	<b>(40)</b>	<b>(120)</b>	<b>(17)</b>
Total loss allocated to non-controlling interests	(1,510)	(382)	(134)	(27)	(79)	(11)

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 17 Investments in subsidiary corporations (continued)

	Casa Property Development Sdn Bhd		Fantastic Modern Sdn Bhd		Genius Chamber Sdn Bhd	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Summarised cash flow</i>						
<u>Cash flow from operating activities</u>						
Cash used in operations	(2,427)	(31,727)	(6)	(6,400)	(94)	(5,128)
Interest paid	(1,574)	–	(158)	–	(69)	–
Income tax paid	–	–	–	–	–	–
<b>Cash used in operating activities</b>	<b>(4,001)</b>	<b>(31,727)</b>	<b>(164)</b>	<b>(6,400)</b>	<b>(163)</b>	<b>(5,128)</b>
<b>Cash used in investing activities</b>	<b>(147)</b>	<b>(1,950)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash provided by financing activities</b>	<b>4,289</b>	<b>34,126</b>	<b>213</b>	<b>6,523</b>	<b>205</b>	<b>5,241</b>
<b>Net increase in cash and cash equivalent</b>	<b>141</b>	<b>449</b>	<b>49</b>	<b>123</b>	<b>42</b>	<b>113</b>
Cash and cash equivalent at beginning year	449	–	123	–	113	–
<b>Cash and cash equivalent at end of year</b>	<b>590</b>	<b>449</b>	<b>172</b>	<b>123</b>	<b>155</b>	<b>113</b>

## 18 Investment properties

	Group/Company	
	2015	2014
	\$'000	\$'000
Beginning of financial year	789	–
Transfer from property, plant and equipment (Note 19)	–	393
Additions	–	240
Fair value gains recognised in profit or loss (Note 4(c))	–	156
End of financial year	<b>789</b>	<b>789</b>

Investment properties are leased to non-related parties under operating leases (Note 31(b)).

The following amounts are recognised in profit and loss:

	Group/Company	
	2015	2014
	\$'000	\$'000
Rental income	30	7
Direct operating expenses arising from:		
- Investment properties that generate rental income	4	3



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 18 Investment properties (continued)

At the balance sheet, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
A3-32-1 SOHO suite @ KLCC	SOHO suite	Freehold
A3-32-2 SOHO suite @ KLCC	SOHO suite	Freehold

### Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the comparison approach and are regarded as Level 2 fair values ie. with "significant other observable inputs". As at 30 September 2015, the fair values of the properties have been determined by Landserve Sdn Bhd. The management is of the opinion that the valuations made represent the properties' highest-and-best-use.

### Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square feet.

## 19 Property, plant and equipment

Group	Leasehold land and building \$'000	Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
<b>2015</b>						
<i>Cost or valuation</i>						
Beginning of financial year-cost or valuation	25,186	4,940	2,994	1,261	5,807	40,188
Reclassification	2,280	-	-	-	(2,280)	-
Currency translation differences	195	-	5	(11)	(1,019)	(830)
Disposal of subsidiary corporation	(5,848)	(4,820)	-	(394)	-	(11,062)
Additions	227	-	72	42	207	548
Disposals	-	-	(20)	(47)	-	(67)
End of financial Year	22,040	120	3,051	851	2,715	28,777
Represented by :						
Cost	-	120	3,051	851	2,715	6,737
Valuation	22,040	-	-	-	-	22,040
	22,040	120	3,051	851	2,715	28,777
<i>Accumulated depreciation</i>						
Beginning of financial year	5,147	4,269	2,793	809	-	13,018
Currency translation differences	77	-	(86)	(4)	-	(13)
Disposal of subsidiary corporation	(2,382)	(4,181)	-	(315)	-	(6,878)
Depreciation charge (continuing) (Note 6)	891	-	92	138	-	1,121
Depreciation charge (discontinued)	113	32	1	9	-	155
Disposals	-	-	(20)	(47)	-	(67)
End of financial year	3,846	120	2,780	590	-	7,336

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 19 Property, plant and equipment (continued)

Group	Leasehold land and building \$'000	Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
<i>Accumulated impairment losses</i>						
Beginning of financial year	814	–	–	–	–	814
Disposal of subsidiary corporation	(814)	–	–	–	–	(814)
Ending of financial year	–	–	–	–	–	–
<b>Net Book Value</b>	18,194	–	271	261	2,715	21,441
Represented by :						
Cost	–	–	271	261	2,715	3,247
Valuation	18,194	–	–	–	–	18,194
	18,194	–	271	261	2,715	21,441

Group	Freehold land \$'000	Leasehold land and building \$'000	Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
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### 2014

Cost or valuation							
Beginning of financial year-cost	3,123	12,179	5,130	2,977	1,061	393	24,863
Reclassification	(2,695)	–	–	–	–	2,695	–
Transfer to investment properties (Note 18)	(393)	–	–	–	–	–	(393)
Currency translation differences	(35)	(60)	32	(35)	(5)	–	(103)
Acquisition of subsidiary corporation	–	1,250	–	53	135	–	1,438
Additions (continuing)	–	12	–	112	144	2,719	2,987
Additions (discontinued)	–	–	78	–	–	–	78
Written off (discontinued)	–	–	(224)	–	–	–	(224)
Disposals (continuing)	–	–	–	(113)	(73)	–	(186)
Disposals (discontinued)	–	–	(76)	–	–	–	(76)
Revaluation surplus	–	11,805	–	–	–	–	11,805
End of financial Year	–	25,186	4,940	2,994	1,262	5,807	40,189
Represented by :							
Cost	–	–	4,940	2,994	1,262	5,807	15,003
Valuation	–	25,186	–	–	–	–	25,186
	–	25,186	4,940	2,994	1,262	5,807	40,189

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 19 Property, plant and equipment (continued)

Group	Freehold	Leasehold	Plant and	Furniture	Motor	Assets	Total
	land	land and		and		and	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Accumulated depreciation</i>							
Beginning of financial year	-	4,755	4,341	2,787	723	-	12,606
Currency translation differences	-	-	22	(24)	(2)	-	(4)
Acquisition of subsidiary corporation	-	68	-	10	36	-	114
Depreciation charge (continuing) (Note 6)	-	201	-	129	116	-	446
Depreciation charge (discontinued)	-	123	35	1	9	-	168
Written off (discontinued)	-	-	(61)	-	-	-	(61)
Disposals (continuing)	-	-	-	(110)	(73)	-	(183)
Disposals (discontinued)	-	-	(68)	-	-	-	(68)
End of financial year	-	5,147	4,269	2,793	809	-	13,018
<i>Accumulated impairment losses</i>							
Beginning and end of financial year	-	814	-	-	-	-	814
<b>Net book value</b>	-	19,225	671	201	453	5,807	26,357
Represented by :							
Cost	-	-	671	201	453	5,807	7,132
Valuation	-	19,225	-	-	-	-	19,225
	-	19,225	671	201	453	5,807	26,357

Company	Assets under construction	
	2015	2014
	\$'000	\$'000
Cost		
Beginning of financial year	-	393
Transfer to investment properties (Note 18)	-	(393)
End of financial year	-	-

(a) The leasehold land and buildings comprise the following:

- (i) Leasehold land and building with a remaining useful life of approximately 10 years, with a further 16-year lease period extension thereafter at the option of a subsidiary corporation at Kian Teck Crescent, Singapore which is used as office, warehouse and factory. The gross area of the land is approximately 7,552 square metres.
- (ii) Building at LA RONCERAIE-EC/M2, land title number 8102/64, located in Casablanca, Prefecture of the districts of Hay Hassani and Ain Choc, boulevard Yacoub Ei Mansour.
- (iii) As at 30 September 2014, leasehold building with a remaining useful life of approximately 14 years at Eastern Changxi Road, Changzhou, Jiangsu, People's Republic of China was used as office, warehouse and factory.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 19 Property, plant and equipment (continued)

- (b) None of property, plant and equipment is mortgaged to secure the Group's bank borrowings. As at 30 September 2014, leasehold building with carrying amount of \$3,374,000 was mortgaged to secure the Group's bank borrowings.
- (c) Included in the costs of assets under construction as at 30 September 2014 was borrowing cost capitalised amounted to \$60,000. The rate used to determine the amount of borrowing cost eligible for capitalisation was between 5.11% to 6.30%, which was the effective interest rate of the specific borrowing.

### Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the sales comparison and replacement cost approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

### Valuation processes of the Group

The Group engages independent professional valuers on a triennial basis and the next revaluation work will be carried out for the financial year ended 30 September 2017.

For the financial year ended 30 September 2014, the fair values of the properties have been determined by Suntec Real Estate Consultants Pte Ltd, ChangZhou Changlian Real Estate Appraisal Cost Consulting Limited Company and Mohammed Hakim Belkadi Architecte DPLG. The management is of the opinion that the valuations made represent the properties' highest-and-best-use.

- (d) If the revalued leasehold land and building had been included in the financial statements at costs less accumulated depreciation, the net book value would be \$5,635,000 (2014: \$8,235,000).

## 20 Land use rights

	Group	
	2015 \$'000	2014 \$'000
<i>Cost</i>		
Beginning of financial year	1,212	1,210
Currency translation differences	–	2
Disposal of subsidiary corporation	(1,212)	–
End of financial year	–	1,212
<i>Accumulated amortisation</i>		
Beginning of financial year	369	348
Amortisation charge	19	19
Currency translation differences	–	2
Disposal of subsidiary corporation	(388)	–
End of financial year	–	369
<b>Net book value</b>	<b>–</b>	<b>843</b>

The Group had land use rights over one plot of state-owned land in People's Republic of China ("PRC") where the Group's PRC manufacturing and storage facilities resided. The land use rights were not transferable and had a remaining tenure of 42 years as at 30 September 2014 and were pledged to secure the Group's borrowings (Note 24).

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 21 Deferred income tax assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined under appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2015 \$'000	2014 \$'000
Deferred income tax assets – to be recovered after one year	46	55

Movement in deferred income tax assets (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group	
	2015 \$'000	2014 \$'000
Beginning of financial year	55	55
Tax charged to profit or loss (Note 9)	(9)	–
End of financial year	46	55

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately \$1,326,000 (2014: \$3,146,000), which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

## 22 Trade and other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Current</b>				
Trade payables:				
- Non-related parties	2,154	2,108	–	–
Non-trade payables:				
- Non-related parties	578	2,597	–	–
- Related parties	11,838	18,716	–	–
- Subsidiary corporations	–	–	7,325	7,427
	12,416	21,313	7,325	7,427
Accruals for operating expenses	1,778	2,315	200	204
Deposits from customers	214	–	–	–
Bills payable	69	971	–	–
	16,631	26,707	7,525	7,631
<b>Non-current</b>				
Non trade payables - related parties	3,005	–	–	–
	19,636	26,707	7,525	7,631

Current non-trade payables to related parties and subsidiary corporations are unsecured, interest-free and repayable on demand.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 22 Trade and other payables (continued)

- (a) Bills payable of the Group is secured by corporate guarantees.
- (b) The fair value of non-current payables is computed based on the discounted market borrowing rates. The fair values are within Level 2 of fair values hierarchy. The fair values and the market borrowing rates used are as follows:

	Group		Borrowings rates	
	2015 \$'000	2014 \$'000	2015 %	2014 %
Non-trade payables - related parties	3,005	–	5.8	–

## 23 Provisions

	Group	
	2015 \$'000	2014 \$'000
<b>Current</b>		
Warranty	319	374
<b>Non current</b>		
Demolition costs	160	–
Total	479	374

- i) Warranty

The Group gives warranties ranging from 1 to 5 years on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the balance sheet date for expected warranty claims based on past experience of the level of repairs and returns.

Movements in provision for warranty are as follows:

	Group	
	2015 \$'000	2014 \$'000
Beginning of financial year	374	400
Provision made (Note 6)	124	215
Provision utilised	–	(241)
Disposal of subsidiary corporation	(179)	–
End of financial year	319	374

- ii) Demolition costs

A provision of \$160,000 is made in view of the Group's constructive obligation to demolish the sales gallery upon completion of sale of the development properties.

Movements in provision for demolition are as follows:

	Group	
	2015 \$'000	2014 \$'000
Beginning of financial year	–	–
Provision made	160	–
End of financial year	160	–



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 24 Borrowings

	Group	
	2015 \$'000	2014 \$'000
<b>Current</b>		
Bank borrowings	2,880	2,440
Finance lease liabilities	12	7
	<u>2,892</u>	<u>2,447</u>
<b>Non-current</b>		
Bank borrowings	35,962	32,676
Finance lease liabilities	44	37
	<u>36,006</u>	<u>32,713</u>
Total borrowings	<u>38,898</u>	<u>35,160</u>

The contractual repricing of the bank loans are priced monthly (2014: monthly) and the effective interest rates on the borrowings for the reporting period are in the range of 4.87% to 5.93% (2014: 5.11% to 6.30%).

- (a) Bank borrowings of the Group are secured over certain bank deposits (Note 11), development properties (Note 14), leasehold buildings (Note 19) and land use rights (Note 20).
- (b) Fair value of non-current borrowings

	Group	
	2015 \$'000	2014 \$'000
Bank borrowings	30,530	32,490
Finance lease liabilities	44	37
	<u>30,574</u>	<u>32,527</u>

The fair value above are determined from the cash flow analyses, discounted at market borrowings rates of an equivalent instrument at the balance sheet date which the management expect to be available to the Group as follows:

	Group	
	2015 (%)	2014 \$'000
Short-term bank borrowings	5.40	5.71
Finance lease liabilities	2.52	2.52

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 25 Derivative financial instruments

Group	Contract notional amount		Fair value asset/(liability)	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<u>Non-hedging instrument</u>				
Cross currency interest rate swap	30,828	30,828	5,163	(300)

Cross currency interest rate swap is transacted to hedge variable interest and principal payment of foreign currency borrowings. While cross currency interest rate swap provides hedging effect as required by the Group's risk management policy, the derivative does not meet the criteria for hedging accounting under the specific rules of FRS 39 - Financial Instruments: Recognition and Measurement. The fair value changes on the cross currency interest rate swaps are recognised immediately in profit or loss.

## 26 Share capital

	Number of shares		Amount	
	2015	2014	2015	2014
	'000	'000	\$'000	\$'000
Beginning and end of financial year	209,826	209,826	32,315	32,315

All issued shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## 27 Dividends

	Group	
	2015	2014
	\$'000	\$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 1.0 cent (2014: 1.0 cent) per share	2,098	2,098

No dividend will be recommended at the forthcoming Annual General Meeting.

## 28 Immediate and ultimate holding company

The Company's immediate and ultimate holding company is Azzuri Holdings Pte Ltd, a company incorporated in Singapore.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 29 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2015	2014
	\$'000	\$'000
Purchase from an associate company	–	74
Purchases from related parties	808	976
Rental income from a related party	383	383

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 30 September 2015, arising from sales/purchases of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 22 respectively.

(b) Key management's personnel compensation

	Group	
	2015	2014
	\$'000	\$'000
Wages and salaries:		
- the directors of the Company	593	806
- other key management	447	483
Employer's contribution to defined contribution plans, including Central Provident Fund:		
- the director of the Company	6	6
- other key management	31	28
	1,077	1,323

## 30 Contingent liabilities

The Company has provided corporate guarantees to financial institutions in respect of banking facilities granted to subsidiary corporations amounting to \$28,154,000 (2014: \$26,127,000) at the balance sheet date.

The directors estimated that the fair value of the corporate guarantees is negligible in the view that consequential benefits to be derived from its guarantee are not material and therefore not recognised. The subsidiary corporations which the guarantees are provided are in favourable equity position with no default in the payment of borrowings.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 31 Commitments

### (a) Operating lease commitments - where the Group is a lessee

The Group leases land and factories from non-related parties under non-cancellable operating leases agreements. The lease expires on various dates until 15 February 2041 and its term includes provision for rental adjustments.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	124	119
Between one and five years	497	476
Later than five years	2,533	2,546
	<u>3,154</u>	<u>3,141</u>

### (b) Operating lease commitments - where the Group is a lessor

The Group leases out factory and office space to a related party and apartments to non-related parties under non-cancellable operating leases at a fixed rate. The leases have remaining non-cancellable lease term of less than one year.

The future minimum lease payments receivables under these operating lease contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	142	410
Between one and five years	-	128
	<u>142</u>	<u>538</u>

	Company	
	2015 \$'000	2014 \$'000
Not later than one year	<u>14</u>	<u>27</u>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management

### Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and market price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the financial performance of the Group.

The Board of Directors is responsible for setting the objective and underlying principles of financial risk management for the Group.

#### (a) Market risk

##### (i) Currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. These foreign exchange risk exposures are mainly in Malaysian Ringgit ("MYR"), Renminbi ("RMB"), United States Dollar ("USD") and Euro ("EUR").

The Group does not hedge its foreign currency exposure using any dedicated hedge instruments. Other than the derivative financial instrument hedged on foreign currency borrowing (Note 25), the Group does not have any formal hedging policy against foreign exchange fluctuations. However, the Group continuously monitors its foreign exchange exposure. The objective is to provide some certainty on costs and no speculative foreign exchange transactions are entered.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operation in Malaysia are managed primarily through borrowings denominated in the relevant foreign currencies.

The Group's currency exposure based on information provided to key management is as follows:

Group	SGD \$'000	MYR \$'000	RMB \$'000	USD \$'000	EUR \$'000	Others \$'000	Total \$'000
<b>30 September 2015</b>							
<b>Financial assets</b>							
Cash and cash equivalents	7,759	4,003	28	1,204	24	22	13,040
Trade and other receivables	3,611	160	2,901	58	28	235	6,993
Receivables from inter-companies	12,442	6,474	–	716	1,767	21	21,420
	<u>23,812</u>	<u>10,637</u>	<u>2,929</u>	<u>1,978</u>	<u>1,819</u>	<u>278</u>	<u>41,453</u>
<b>Financial liabilities</b>							
Trade and other payables	1,995	15,910	–	1,424	127	180	19,636
Borrowings	30,829	8,069	–	–	–	–	38,898
Payables to inter-companies	12,442	6,474	–	716	1,767	21	21,420
	<u>45,266</u>	<u>30,453</u>	<u>–</u>	<u>2,140</u>	<u>1,894</u>	<u>201</u>	<u>79,954</u>
Net financial (liabilities)/assets	<u>(21,454)</u>	<u>(19,816)</u>	<u>2,929</u>	<u>(162)</u>	<u>(75)</u>	<u>77</u>	<u>(38,501)</u>
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities functional currencies	<u>(29,745)</u>	<u>4,111</u>	<u>2,929</u>	<u>(162)</u>	<u>(75)</u>	<u>77</u>	<u>(22,865)</u>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Group	SGD \$'000	MYR \$'000	RMB \$'000	USD \$'000	EUR \$'000	Others \$'000	Total \$'000
<u>30 September 2014</u>							
<b>Financial assets</b>							
Cash and cash equivalents	6,953	3,929	1,405	307	33	39	12,666
Trade and other receivables	3,677	85	955	175	29	221	5,142
Receivables from inter-companies	17,710	14,709	–	32	1,794	21	34,266
	<u>28,340</u>	<u>18,723</u>	<u>2,360</u>	<u>514</u>	<u>1,856</u>	<u>281</u>	<u>52,074</u>
<b>Financial liabilities</b>							
Trade and other payables	2,642	19,459	3,010	1,207	156	233	26,707
Borrowings	30,828	2,053	2,279	–	–	–	35,160
Payables to inter-companies	17,710	14,709	–	32	1,794	21	34,266
	<u>51,180</u>	<u>36,221</u>	<u>5,289</u>	<u>1,239</u>	<u>1,950</u>	<u>254</u>	<u>96,133</u>
Net financial (liabilities)/assets	<u>(22,840)</u>	<u>(17,498)</u>	<u>(2,929)</u>	<u>(725)</u>	<u>(94)</u>	<u>27</u>	<u>(44,059)</u>
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities functional currencies	<u>(33,998)</u>	<u>3,928</u>	<u>(59)</u>	<u>(723)</u>	<u>95</u>	<u>26</u>	<u>(30,731)</u>

The Company's currency exposure based on information provided to key management is as follows:

Company	SGD \$'000	MYR \$'000	USD \$'000	Total \$'000
<u>30 September 2015</u>				
<b>Financial assets</b>				
Cash and cash equivalents	2,694	2,209	393	5,296
Trade and other receivables	2,957	5,421	–	8,378
	<u>5,651</u>	<u>7,630</u>	<u>393</u>	<u>13,674</u>
<b>Financial liabilities</b>				
Trade and other payables	7,516	9	–	7,525
Net financial (liabilities)/assets	<u>(1,865)</u>	<u>7,621</u>	<u>393</u>	<u>6,149</u>
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	<u>–</u>	<u>7,621</u>	<u>393</u>	<u>8,014</u>



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Company	SGD \$'000	MYR \$'000	Total \$'000
<u>30 September 2014</u>			
<b>Financial assets</b>			
Cash and cash equivalents	1,936	2,443	4,379
Trade and other receivables	4,423	6,336	10,759
	<u>6,359</u>	<u>8,779</u>	<u>15,138</u>
<b>Financial liabilities</b>			
Trade and other payables	7,622	9	7,631
Net financial (liabilities)/assets	<u>(1,263)</u>	<u>8,770</u>	<u>7,507</u>
Currency exposure of financial assets net of those denominated in the respective entities functional currencies	<u>-</u>	<u>8,770</u>	<u>8,770</u>

If the USD, MYR, RMB and EUR change against SGD respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

Group	← Increase / (decrease) →	
	2015 Profit before tax \$'000	2014 Profit before tax \$'000
USD against SGD		
- Strengthened by 12% (2014: 1%)	(19)	(7)
- Weakened by 12% (2014: 1%)	19	7
MYR against SGD		
- Strengthened by 19% (2014: 4%)	781	157
- Weakened 19% (2014: 4%)	(781)	(157)
RMB against SGD		
- Strengthened by 9% (2014: 1%)	264	(1)
- Weakened by 9% (2014: 1%)	(264)	1
EUR against SGD		
- Strengthened by 1% (2014: 5%)	(1)	(5)
- Weakened by 1% (2014: 5%)	1	5
<b>Company</b>		
MYR against SGD		
- Strengthened by 19% (2014: 4%)	1,448	351
- Weakened by 19% (2014: 4%)	(1,448)	(351)
USD against SGD		
- Strengthened by 12% (2014: 1%)	47	-
- Weakened by 12% (2014: 1%)	(47)	-

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk

The Group's exposure to changes in interest rates arises primarily from the Group's variable rate borrowings, fixed deposits placed with banks and bills payable amounting to \$38,898,000 (2014: \$35,160,000), \$758,000 (2014: \$893,000) and \$69,000 (2014: \$971,000) respectively (Note 24, Note 11 and Note 22).

The Group's borrowings at variable rates are contractually repriced monthly. Its interest-bearing assets are not core income producing assets. The Group's income and operating cash flows are therefore substantially independent of changes in market interest rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in MYR. If the MYR interest rates had been higher/lower by 1% (2014:1%) with all other variable including tax rate being held constant, the profit before tax would have been lower/higher by \$362,000 (2014: \$182,000) as a result of higher/lower interest expense on these borrowings.

### (b) Credit risk

Credit risk is the risk that counterparties default in their contractual obligations resulting in financial loss to the Group.

The credit risk arising from the Group's normal commercial operations is controlled by individual operating units within strict credit control and guidelines. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2015	2014
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiary corporations' banking facilities	28,154	26,127

At the balance sheet date, approximately 22.3% (2014: 15.8%) of the Group's trade receivables were due from a single customer.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. The Group places its cash and cash equivalents with reputable banks and financial institutions which are regulated.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2015	2014
	\$'000	\$'000
<b>By geographical areas</b>		
Singapore	3,306	3,689
China	–	778
Morocco	83	68
	<u>3,389</u>	<u>4,535</u>

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management (continued)

### (b) Credit risk (continued)

#### Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits placed with reputable banks. Trade receivables that are neither past due nor impaired are substantially companies which are financially healthy or with a good collection track record with the Group.

#### Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Past due less than 1 year	82	241

The carrying amount of trade receivables – non-related parties individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Past due less than 1 year	204	1,280
Past due more than 1 year	267	575
Less: Allowance for impairment loss	(385)	(602)
	86	1,253
Beginning of financial year	602	327
Acquisition of subsidiary	–	188
Currency translation difference	(1)	(1)
Allowance made	83	184
Reversal of allowance no longer required	(94)	(96)
Reversal arising from disposal of subsidiary	(205)	–
End of financial year	385	602

The impaired trade receivables arise mainly from sales to companies with liquidity problems and have delayed payments of its debts.

The carrying amount of other receivables – non-related parties determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Beginning of financial year	69	7
Allowance made	–	62
Reversal arising from disposal of subsidiary	(69)	–
End of financial year	–	69

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management (continued)

### (b) Credit risk (continued)

The carrying amount of other receivables – related parties determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Beginning of financial year	–	–
Allowance made	479	–
End of financial year	479	–

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through adequate amount of committed credit facilities. At the balance sheet date, asset held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group also manages this risk by securing adequate credit facilities from a spread of reputable financial institutions to ensure necessary liquidity as provided in the consolidated balance sheet.

The table below analyse the maturity profile of the non-derivative financial liabilities of the Group's and Company's based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Group		
	Within one year	Between 2–5 years	After 5 years
	\$'000	\$'000	\$'000
<b>2015</b>			
Trade and other payables	16,562	3,730	–
Bills payable	69	–	–
Borrowings	2,892	38,646	403
	19,523	42,376	403
<b>2014</b>			
Trade and other payables	25,736	–	–
Bills payable	971	–	–
Borrowings	2,447	36,598	811
	29,154	36,598	811

	Company	
	Within one year	
	2015	2014
	\$'000	\$'000
Trade and other payables	7,525	7,631
Financial guarantee contracts	28,154	26,127

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management (continued)

### (c) Liquidity risk (continued)

The table below analyses the derivative financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of cash flows into relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	Group	
	Within one year \$'000	Between 2-5 years \$'000
<b>2015</b>		
Cross currency interest swap		
- Receipts	4,337	29,542
- Payments	(3,610)	(25,410)
<b>2014</b>		
Cross currency interest swap		
- Receipts	1,125	33,879
- Payments	(1,136)	(35,196)

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares or obtain new borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company's strategies which remained unchanged from 2014, is to maintain gearing ratio of not exceeding 1.0 times.

The gearing ratio is calculated as total debt (represented by total borrowings) divided by total equity.

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Total debt	38,898	35,160	-	-
Total equity	75,499	80,735	34,734	35,735
Gearing ratio	0.52	0.44	NM	NM

NM: Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 September 2015 and 2014.

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 32 Financial risk management (continued)

### (e) Fair value measurement

The following table presents the assets and liabilities measured at fair value classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2015</b>				
<b>Assets</b>				
Derivative financial instruments	–	5,163	–	5,163
<b>2014</b>				
<b>Liabilities</b>				
Derivative financial instruments	–	300	–	300

### (f) Financial instruments by category

The carrying amount of financial instruments other than those disclosed on the face of balance sheet and Note 24 to the financial statements is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loans and receivables	20,033	17,808	5,354	15,138
Financial liabilities at amortised cost	58,534	61,867	7,525	7,631



# Notes to Financial Statements

For the financial year ended 30 September 2015

## 33 Segment information

Primary reporting format - business segments

2015	Continuing Operations				Discontinued Operations	
	Trading \$'000	Property Development \$'000	Other \$'000	Total \$'000	Manufacturing \$'000	Total \$'000
<b>REVENUE</b>						
External sales	18,658	–	–	18,658	6,827	25,485
Inter-segment sales	(648)	–	–	(648)	–	(648)
Sales to external parties	18,010	–	–	18,010	6,827	24,837
<b>RESULTS</b>						
Segment result	1,812	(402)	2,097	3,507	(715)	2,792
Interest income	–	47	29	76	–	76
Share of results of associated companies	–	–	5,166	5,166	–	5,166
Interest expense	(113)	(1,570)	–	(1,683)	–	(1,683)
Profit before income tax						6,351
Income tax expense						(338)
<b>Total Profit</b>						<b>6,013</b>
<b>ASSETS</b>						
Segment assets	33,387	62,192	9,052	104,631	–	104,631
Investments in associated companies	–	–	30,239	30,239	–	30,239
Unallocated assets:						
Deferred income tax assets						46
Club membership						9
<b>Consolidated Total Assets</b>						<b>134,925</b>
<b>LIABILITIES</b>						
Segment liabilities	4,460	15,445	210	20,115	–	20,115
Unallocated liabilities:						
Bank borrowings						38,898
Income tax liabilities						413
<b>Consolidated Total Liabilities</b>						<b>59,426</b>
<b>OTHER</b>						
Depreciation	799	322	–	1,121	155	1,276
Capital expenditure	59	489	–	548	–	548

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 33 Segment information (continued)

2014	← Continuing Operations →				Discontinued Operations	
	Trading \$'000	Property Development \$'000	Other \$'000	Total \$'000	Manufacturing \$'000	Total \$'000
<b>REVENUE</b>						
External sales	23,696	–	–	23,696	6,570	30,266
Inter-segment sales	–	–	–	–	(30)	(30)
Sales to external parties	23,696	–	–	23,696	6,540	30,236
<b>RESULTS</b>						
Segment result	3,648	(668)	(412)	2,568	(1,358)	1,210
Interest income	–	32	–	32	7	39
Share of results of associated company	–	–	4,036	4,036	–	4,036
Gain on deemed disposal of a joint venture	–	–	1,276	1,276	–	1,276
Impairment loss on goodwill	–	–	(2,615)	(2,615)	–	(2,615)
Interest expense						(143)
Profit before income tax						3,803
Income tax expense						(722)
<b>Total Profit</b>						<b>3,081</b>
<b>ASSETS</b>						
Segment assets	35,894	63,351	4,157	103,402	8,955	112,357
Investment in associated company	–	–	31,587	31,587	–	31,587
Unallocated assets:						
Deferred tax assets						55
Club membership						9
<b>Consolidated Total Assets</b>						<b>144,008</b>
<b>LIABILITIES</b>						
Segment liabilities	4,809	19,174	209	24,192	3,189	27,381
Unallocated liabilities:						
Bank borrowings						35,160
Income tax liabilities						732
<b>Consolidated Total Liabilities</b>						<b>63,273</b>
<b>OTHER</b>						
Capital expenditure	177	2,810	–	2,987	78	3,065
Depreciation	427	19	–	446	168	614
Amortisation	–	–	–	–	19	19

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 33 Segment information (continued)

The Group is organised into three main business segments:

- Trading of home appliances
- Manufacturing of central air-conditioning units
- Property development

### Secondary reporting format - geographical segments

The Group has three business segments namely trading, manufacturing and property development. The business operations of the three segments are concentrated mainly in three geographical areas namely Singapore, China and Malaysia.

Singapore mainly caters for the Group's trading activities on distribution of electrical and electronic home appliances for its operating subsidiary corporations.

The manufacturing segment of the Group was primarily operated and located in China. It manufactures and sells air-conditioning units. It was disposed in 2015.

The property development segment of the Group is primarily operated and located in Malaysia. The segment had a preview launch of its Seventh Cove project in Malaysia in 2015. As the booking fees and sales and purchase agreements are only collected and signed after the current financial year, no revenue is recognised.

The Group, through its associated company, also operates and distributes electrical and electronic home appliances in Malaysia.

Sales are based on the country in which the customer are located. Non-current assets and capital expenditure are shown by geographical area where the assets are located.

	Sales		Non-Current Assets		Capital Expenditure	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Singapore	16,956	22,128	15,351	15,652	53	176
Malaysia	–	–	40,070	37,468	489	2,811
China	6,827	6,540	–	4,174	–	78
Morocco	151	328	2,212	2,282	6	–
Other countries	903	1,240	–	–	–	–
	<u>24,837</u>	<u>30,236</u>	<u>57,633</u>	<u>59,576</u>	<u>548</u>	<u>3,065</u>

Revenues of \$3,942,000 (2014: \$3,125,000) are derived from a single external customer. These revenues are attributable to the Singapore trading segment.

## 34 Subsequent event

On 8 October 2015, the Company announced that its wholly-owned subsidiary corporation, Casa Property Holdings Pte Ltd had incorporated a joint-venture company, VMD Development Sdn Bhd ("VMDDSB"), together with VMD Pte Ltd ("VMDPL"). VMDDSB is to act as an industrial property developer to acquire two pieces of land at Geran Mukim 919 Lot No. 165 and Geran Mukim 684 Lot No.182 (the "Land") valued at \$5,235,000 (RM 16,319,000). The land purchase was completed and title transferred to VMDDSB on 27 October 2015. The acquisition was funded through a combination of internal funding and bank loan amounting to \$2,094,000 (RM 6,527,000) and \$3,141,000 (RM 9,792,000) respectively.

The equity participation of the Group and VMDPL is 50:50 respectively. The issued and paid up capital of the VMDDSB shall be \$96,000 (RM 300,000).

# Notes to Financial Statements

For the financial year ended 30 September 2015

## 35 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 October 2015 or later periods and which the Group has not early adopted:

- FRS 114 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 27 Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual period beginning on or after 1 January 2016)
- Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on after January 2016)
- FRS 115 Revenue from Contracts with Customer (effective for annual periods beginning on or after 1 January 2017)
- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual period beginning on or after 1 January 2016)
- Improvement to FRSs (issued in November 2014) (effective for annual period beginning on or after 1 January 2016)
  - Amendments to FRS 105 *Non-current Asset Held for Sale and Discontinued Operations*
  - Amendments to FRS 107 *Financial Instruments: Disclosures*
  - Consequential amendments to FRS 101 *First-time Adoption of Financial Reporting Standards*
  - Amendments to FRS 19 *Employee Benefits*
  - Amendments to FRS 34 *Interim Financial Reporting*
- FRS 109 Financial instruments (effective for annual period beginning on or after 1 January 2018)
- Amendments to FRS 1 Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception (effective for annual period beginning on or after 1 January 2016)

The management anticipates that the adoption of the above FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

## 36 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors of Casa Holdings Limited on 24 December 2015.

# Shareholdings Statistics

As at 23 December 2015

Issue and Paid Up Capital	:	\$32,314,853
Number of ordinary shares in issue	:	209,826,140
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 23 DECEMBER 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	517	18.18	515,000	0.25
1,001 - 10,000	1,819	63.96	8,468,360	4.04
10,001 - 1,000,000	496	17.44	33,874,870	16.14
1,000,001 and above	12	0.42	166,967,910	79.57
<b>Total</b>	<b>2,844</b>	<b>100.00</b>	<b>209,826,140</b>	<b>100.00</b>

Based on the information available to the Company as at 23 December 2015, approximately 32.47% of the issued ordinary shares of the Company is held by the public. This complies with Rule 723 of the SGX-ST Listing Manual.

# Shareholdings Statistics

As at 23 December 2015

## TWENTY LARGEST SHAREHOLDERS AS AT 23 DECEMBER 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	AZZURI HOLDINGS PTE LTD	107,011,330	51.00
2	HU ZHONGHUAI	17,380,110	8.28
3	LIM SOO KONG @ LIM SOO CHONG	17,139,670	8.17
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,300,000	3.00
5	SEAH SIOK NIEW	5,277,800	2.52
6	DBS NOMINEES PTE LTD	5,064,000	2.41
7	POH AH SENG	2,176,000	1.04
8	HSBC (SINGAPORE) NOMINEES PTE LTD	1,568,000	0.75
9	NG KWONG CHONG	1,500,000	0.71
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,231,000	0.59
11	NG HOCK KON	1,200,000	0.57
12	LIM MEOW SING	1,120,000	0.53
13	LEE BOON HOCK @ LEE BOOH HOCK	842,000	0.40
14	CHIAN TOW YONG	716,000	0.34
15	CITIBANK NOMINEES SINGAPORE PTE LTD	685,000	0.33
16	THIAN YIM PHENG	671,000	0.32
17	RAFFLES NOMINEES (PTE) LTD	664,400	0.32
18	FSK INVESTMENT HOLDING PTE. LTD.	611,400	0.29
19	EDDY SUMITRA WIDJAJA OR LUCIEN HIDAYAT WIJAYA	600,000	0.29
20	LIM SOO TIAH	593,000	0.28
	<b>TOTAL:</b>	<b>172,350,710</b>	<b>82.14</b>

Substantial Shareholders	Direct	Indirect
AZZURI HOLDINGS PTE LTD	107,011,330	–
HU ZHONG HUAI	17,380,110	107,011,330
LIM SOO KONG @ LIM SOO CHONG	17,139,670	107,011,330
LIM CHOO HONG	173,030	107,011,330
Directors' Shareholdings		
HU ZHONG HUAI	17,380,110	107,011,330
LIM SOO KONG @ LIM SOO CHONG	17,139,670	107,011,330

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at 15 Kian Teck Crescent, Singapore 628884 on Friday, 29 January 2016 at 10.00 a.m. to transact the following business:-

## AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 September 2015 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
2. To approve the Directors' fees of S\$151,000 for the financial year ended 30 September 2015 (30 September 2014: S\$151,000). **(Resolution 2)**
3. To re-elect Mr. Stefan Matthieu Lim Shing Yuan retiring pursuant to Article 107 of the Company's Articles of Association. **(Resolution 3)**  
*(Please see Explanatory Note 1)*
4. To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

### 5. Authority to allot and issue shares

- (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
  - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
  - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:
  - a) new shares arising from the conversion or exercise of convertible securities, or
  - b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
  - c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and



# Notice of Annual General Meeting

- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

**(Resolution 5)**

*(See Explanatory Note 1)*

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

BY ORDER OF THE BOARD

Margaret Chak Lee Hung  
Company Secretary

7 January 2016

Notes:

- 1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
- 2) A proxy need not be a member of the Company.
- 3) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- 4) The instrument appointing a proxy must be deposited at the registered office of the Company at 15 Kian Teck Crescent, Singapore 628884 not later than 72 hours before the time appointed for the Meeting.

Explanatory Notes:-

1. The key information of Mr. Stefan Matthieu Lim Shing Yuan can be found on page 7 of the Annual Report.
2. The ordinary resolution in item no. 5 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares 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.

# CASA HOLDINGS LIMITED

Company Registration Number : 199406212Z  
(Incorporated in the Republic of Singapore)

## IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

## PROXY FORM

\*I/We \_\_\_\_\_ of

being \*a member/members of Casa Holdings Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

\*and/or

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or failing him, the Chairman of the Meeting as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 15 Kian Teck Crescent, Singapore 628884 on 29 January 2016 at 10.00 a.m. and at any adjournment thereof.

\*I/we direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the \*proxy/proxies will vote or abstain from voting at \*his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and consider the Audited Financial Statements for the financial year ended 30 September 2015.		
2.	To approve the Directors' fees of S\$151,000 for the financial year ended 30 September 2015.		
3.	To re-elect Mr. Stefan Matthieu Lim Shing Yuan as Director of the Company.		
4.	To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company.		
5.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Total Number of Shares Held

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

\* Delete accordingly

**IMPORTANT.** Please read notes overleaf



Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak 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. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

AFFIX  
STAMP

The Company Secretary  
**CASA HOLDINGS LIMITED**  
c/o Tricor Barbinder Share Registration Services  
80 Robinson Road #02-00  
Singapore 068898

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 15 Kian Teck Crescent, Singapore 628884 not later than 72 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.