CPH Ltd.

SINGAPORE

CPH LTD.
Registration No 199804583E
CIRCUITS PLUS PTE LTD
CIRCUITS PLUS (ASIATIC) PTE LTD
CP LIFESTYLE PTE. LTD.
8 First Lok Yang Road
Singapore 629731
Tel: (65) 6268 6622
Fax: (65) 6264 1572
Email: cps_sales@circuitsplus.com.sg

MALAYSIA

CIRCUITS PLUS (M) SDN. BHD.
PLO 146 No. 22
Jalan Angkasa Mas Utama
Kawasan Perindustrian Tebrau 2
81100 Johor Bahru, Johor, Malaysia
Tel: (02) 07 351 5520
Fax: (02) 07 354 6418 / 355 7949
Email: cpmjb@maxis.net.my

CPH LTD.

ANNUAL REPORT 2015

CPH Ltd.

2015

ANNUAL REPORT

This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

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

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

The ongoing instability of the global economy and challenging business conditions continue to pose challenges for our operations. In the financial year ended 31 March 2015 ("FY2015"), the Group faced increased cost pressures from a tight labour market, while the lacklustre customer demand and Malaysian Ringgit slide impacted our profitability.

We experienced a slower second half due to shrinking sales of our printed circuit boards ("PCB") both locally and abroad as our customers cut back on their business activities. Despite the 9.6% rise in revenue for the half year ended 30 September 2014, the Group rounded up the year with revenue of S$6.99 million, 3.5% lower than the financial year ended 31 March 2014 ("FY2014").

With the lower product demand, production volume decreased during the year. This had in turn affected our operational efficiency as certain processes could not operate at optimal levels. Accordingly, gross profit for FY2015 dipped 17.3% to S$0.44 million, while gross profit margin dipped 1.0 percentage point to 6.4%.

The Group remains vigilant on costs. Selling and distribution expenses maintained at S$0.10 million. Despite higher foreign exchange losses, administrative and other operating expenses were significantly reduced by 37.5% to S$2.00 million due to the absence of impairment loss recorded in FY2014, and lower staff cost following the voluntary liquidation of Qian Xi (ChongQing) Pte Ltd ("QXCQ") during the year in review. QXCQ was the holding company of our food and beverage business operating Cheer Garden Restaurant in the People's Republic of China that was disposed in FY2014.

Overall, we recorded a loss before income tax of S$0.52 million in FY2015, as compared to a loss before income tax of S$2.17 million in FY2014.

SEGMENTAL REVIEW

Globally, consumer spending is expected to remain subdued. Already, our customers are cutting production output and this had in turn affected our FY2015 sales across the key markets of Asia (excluding Japan), Europe and Japan. Europe continued to be our biggest market, contributing approximately 55.9% of total revenue. Sales in Asia (excluding Japan) and Japan represented 25.7% and 18.2% of total revenue respectively.

MEETING THE CHALLENGES AHEAD

Like many other PCB manufacturers, there are several business challenges ahead of us. The uncertain market demand, increased business competition and rising operating overheads will continue to test our mettle. As our manufacturing plant is based in Malaysia, the weaker Ringgit Malaysia will also mean that we have to manage our imported raw material costs more closely.

We will continue to do all we can to lift the Group's performance. We have already stepped up our marketing efforts to broaden customer base and improve the quality of our revenue stream. Sharpening production efficiency is another key priority as we press on to lower operating costs. Concurrently, we will look at ways to strengthen cash flows and improve our cash position. The stronger cash flow position will equip us with adequate financial resources to cautiously pursue business opportunities that can add value to the Group.

APPRECIATION

On behalf of the Board of Directors, I would like to thank our staff for all their commitment and hard work. To our business partners and valued shareholders, thank you for your support and trust.

Ong Seng Gee
Chairman

FINANCIAL REVIEW

TURNOVER

The Group recorded lower revenue of S$6.99 million for FY2015, 3.5% lower than S$7.24 million reported in FY2014. The decrease was mainly due to the reduced business activities of some of the Group's customers in the second half of FY2015 causing decline in orders and new businesses secured.

LOSS BEFORE INCOME TAX

The Group's gross profit for FY2015 was S$0.44 million as compared to S$0.54 million for FY2014. The gross profit margin reduced from 7.4% in FY2014 to 6.4% in FY2015 due to the lower production output which affected the efficiency of the operations as certain processes were not operating at optimum level.

Other income in FY2015 was S$1.17 million, an increase of S$0.63 million from S$0.54 million recorded in FY2014. The increase was mainly contributed by the rental income which increased from S$0.47 million in FY2014 to S$0.59 million in FY2015 and an amount of S$0.50 million fair value gain in revaluation of investment property in FY2015. No fair value gain was reported in FY2014.

Selling and distribution expenses maintained at similar level of S$0.10 million for both FY2015 and FY2014.

The Group's administrative and other operating expenses reduced from S$3.18 million in FY2014 to S$2.00 million in FY2015. In FY2014, an impairment loss in investment in associate of S$0.98 million was recorded and an amount of S$0.06 million was incurred for certain plant and equipment written off. In FY2015, staff cost was reduced by S$0.17 million as a result of the liquidation of Qian Xi (Chongqing) Pte. Ltd. ("QXCQ"), the 51.51% owned subsidiary of the Group. A higher exchange loss of S$0.23 million was recorded in FY2015 as compared to S$0.16 million recorded in FY2014.

The depreciation charges for FY2015 was S$0.56 million as compared to S$0.60 million in FY2014 as some of the existing plant and equipment were fully depreciated during FY2014.

The Group's finance cost were S$0.03 million and S$0.02 million from interest expenses for FY2015 and FY2014 respectively.

The Group recorded a loss of S$0.01 million in its share of results of associate for FY2015 as compared to a gain of S$0.05 million in FY2014.

The Group recorded a loss before income tax of S$0.52 million in FY2015 as a result of the above as compared to a loss before income tax of S$2.17 million in FY2014.

STATEMENTS OF FINANCIAL POSITION

The Group's property, plant and equipment decreased from S$2.80 million as at the end of FY2014 to S$2.17 million as at the end of FY2015 mainly due to depreciation charges of S$0.56 million in FY2015, partially offset by an addition of S$0.02 million of office equipment. The value of the Group's investment property increased to S$8.50 million as at the end of FY2015 from S$8.00 million as at the end of FY2014 as the result of a fair value gain from valuation.

Both inventories and trade and other receivables decreased from S$1.94 million and S$1.68 million respectively as at the end FY2014 to S$1.76 million and S$1.11 million respectively as at the end of FY2015 as lower sales revenue was recorded towards the last few months of FY2015.

Trade and other payables also reduced from S$1.33 million as at the end of FY2014 to S$0.85 million as at the end of FY2015 due to lower purchases.

The Group's working capital was S$5.50 million as at the end of FY2015 as compared to S$5.93 million as at the end of FY2014.

CASH FLOW AND WORKING CAPITAL

Cash and cash equivalents decreased from S$4.36 million as at the end of FY2014 to S$4.09 million as at the end of FY2015.

Net cash used in operating activities in FY2015 amounted to S$0.08 million. During FY2015, a cash inflow of S$0.35 million from working capital changes was recorded due to the reduction of S$0.10 million in inventories and S$0.36 million in trade and other receivables after offsetting a decrease of S$0.11 million in trade and other payables. The Group had an operating cash outflow of S$0.43 million before working capital changes.

Net cash used in investing activities amounted to S$0.01 million during FY2015 and was mainly used for the purchase of office equipment.

For the financing activities, a net amount of S$0.17 million was used for the repayment of trust receipts, finance lease instalments and bank interests, after offsetting proceeds from trust receipts.

BOARD OF DIRECTORS

ONG SENG GEE

Chairman, Non-Executive

Mr Ong Seng Gee, the Chairman of the Company, was first appointed to the Board on 16 October 2009 and was last re-elected on 30 July 2013. He is a commercial banker and has more than 30 years of experience in corporate banking, financial restructuring and business development. Mr Ong's role on the Board includes advising the Group on its strategic direction and business development decisions.

CHOO TUNG KHENG

Managing Director, Executive

Mdm Choo Tung Kheng was first appointed as Executive Director of the Company on 1 July 2011 and the appointment was approved at the following annual general meeting of the Company held on 29 July 2011. On 11 November 2011, she was appointed as Managing Director of the Group.

Mdm Choo has more than 15 years of experience in finance and accounting with local and multi-national companies prior to her assuming the role of Executive Director of New Wave Holdings Ltd. from 21 June 2002 till 30 June 2011, after which she was redesignated as the Non-Executive Director.

Mdm Choo is responsible for the formulation of business strategies, implementation of system controls and policies, and the overall operations and financial management of the Group.

CHONG CHENG WHATT

Executive Director

Mr Chong Cheng Whatt, an Executive Director of the Company, was first appointed to the Board on 2 August 2010 and was last re-elected on 31 July 2014. Mr Chong has more than 25 years of working experience in printed circuit boards ("PCB") manufacturing and was the general manager of Circuits Plus (M) Sdn. Bhd. before his appointment to the Board. Currently, Mr Chong oversees the sales and operations of the PCB business in Malaysia.

ONG KIAN SOON

Non-Executive Director

Mr Ong Kian Soon was first appointed as an Executive Director of the Company on 29 December 1998. He was re-designated as the Non-Executive Director of the Company with effect from 1 July 2011 and was last re-elected on 30 July 2012. Mr Ong has more than 15 years of experience in the areas of accounting, finance, administration and sales prior to joining the Group. He is also an Executive Director of New Wave Holdings Ltd.

LEE TEONG SANG

Independent, Non-Executive Director

Mr Lee Teong Sang was first appointed to the Board on 16 September 2004 and was last re-elected on 30 July 2013. He holds a Bachelor of Pharmacy Degree from the University of London and a Master of Business Administration Degree from the University of Sheffield, UK. Mr Lee has more than 20 years of working experience in banking, equity research and investor relations. He is currently the principal consultant of Cyrus Capital Consulting. Mr Lee is also an Independent Director of New Wave Holdings Ltd. and a director of Cyrus Corporation Pte Ltd.

TITO SHANE ISAAC

Independent, Non-Executive Director

Mr Tito Shane Isaac was first appointed to the Board on 30 August 2006 and was last re-elected on 30 July 2012. Mr Isaac is a practicing advocate and solicitor with more than 20 years of experience in legal practice. He is the Managing Partner of Tito Isaac & Co LLP, a firm that provides a range of legal services including Commercial and Corporate Law, Intellectual Property Law, Civil and Criminal Litigation, Property, Family and Insurance Law. In 2006, Mr Isaac was admitted as a Fellow of the Singapore Institute of Arbitrators and in December 2008, he received the Minister for Law Appreciation Award. Mr Isaac is also the Independent Non-Executive Chairman of New Wave Holdings Ltd.

LEE SENG CHAN

Independent, Non-Executive Director

Mr Lee Seng Chan was first appointed to the Board on 1 July 2011 and was last re-elected on 31 July 2014. Mr Lee is an accountant by training and is a Certified Public Accountant in practice. He is a member of the Institute of Singapore Chartered Accountants, a member of The Malaysian Institute of Accountants as well as a member of The Institute of Certified Public Accountants of Australia. Mr Lee is a senior and managing partner of UHY Lee Seng Chan & Co and has been in public accounting practice for the last 40 years. Mr Lee is also an Independent Director of New Wave Holdings Ltd.

KEY EXECUTIVES

GOH CHEE SENG

Group Quality Assurance Manager

Mr Goh Chee Seng graduated with a Bachelor's Degree in Mechanical Engineering from the University of Texas, Austin in 1984. He has been with the Company for more than 25 years and currently oversees the quality control and assurance aspects of the Group's PCB operations. His responsibilities include testing and evaluating samples in collaboration with laboratories and with customers, and ensuring that the quality of materials, processes and finished products meet stringent industry standards and comply with customers' requirements.

CHAI SEE SIONG

Assistant General Manager

Mr Chai See Siong graduated with a Bachelor's Degree in Social Works from Fu Jen University, Taiwan. Prior to joining the Group in 2005, he had 6 years of experience in sales of PCB products. Mr Chai oversees the sales and marketing functions of the Group in various geographical markets.

NG LAY CHOO

Financial Controller, Circuits Plus (M) Sdn. Bhd.

Ms Ng Lay Choo graduated from the University College Dublin, Republic of Ireland and is a Fellow of the Association of Chartered Certified Accountants. She has about 20 years of experience in audit, finance and administration. Ms Ng is responsible for the areas of finance and administration of the Group's subsidiary, Circuits Plus (M) Sdn. Bhd..

TAN YEAT CHIA

Corporate Services Manager

Mr Tan Yeat Chia holds a diploma in Business Information Technology from Temasek Polytechnic. He first joined the Company in January 2009 as Assistant Manager – Corporate Services and was promoted to his present position on 18 January 2012. Mr Tan assists the Executive Directors with the business development initiatives and provides support services which include monitoring and analysing financial and operational data of the Group.

Mr Tan is the son of Mdm Choo Tung Kheng, the Managing Director of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Ong Seng Gee
(Chairman, Non-Executive)

Choo Tung Kheng
(Managing Director, Executive)

Chong Cheng Whatt
(Executive Director)

Ong Kian Soon
(Non-Executive Director)

Lee Teong Sang
(Independent, Non-Executive Director)

Tito Shane Isaac
(Independent, Non-Executive Director)

Lee Seng Chan
(Independent, Non-Executive Director)

AUDIT COMMITTEE
Lee Teong Sang (Chairman)
Ong Seng Gee
Tito Shane Isaac

COMPANY SECRETARY
Ong Kian Soon

REGISTERED OFFICE
8 First Lok Yang Road
Singapore 629731
Tel: (65) 6268 6622
Fax: (65) 6264 1572/6261 9961

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITOR
BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267
Partner-in-Charge: Lew Wan Ming
(Appointed since the financial year ended 31 March 2015)

PRINCIPAL BANKERS
United Overseas Bank Limited
Malayan Banking Berhad

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay,
#10-00 Income at Raffles
Singapore 049318

CORPORATE GOVERNANCE REPORT

CPH Ltd. (the "Company" or "CPH" and together with its subsidiaries, the "Group") is committed to maintaining good corporate governance to enhance and protect the interests of the Company's shareholders. The following report describes the Company's corporate governance practices with specific reference to the principles of the revised Code of Corporate Governance 2012 (the "Code") for the financial year ended 31 March 2015 ("FY2015") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"). The Board of Directors of the Company (the "Board") is pleased to report on the compliance of the Company with the Code and the Guide except where otherwise stated and such compliance is regularly reviewed to ensure transparency and accountability.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board is collectively responsible for the success of the Group and is accountable to its shareholders.

The functions of the Board include:

- deciding on strategic plans, key business initiatives, major investments and funding matters;
- monitoring the performance of Management and reviewing the financial performance of the Group;
- implementing effective risk Management systems;
- ensuring the adequacy of the internal controls; and
- ensuring compliance with the Code, the Companies Act (Chapter 50) of Singapore ("Companies Act"), the Company's Articles of Association, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Rules of Catalist"), accounting standards and other relevant statutes and regulations.

The Board meets at least twice in a year to approve, among others, announcements of the Group's half year and full year financial results. The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Adhoc meetings are also convened as and when they are deemed necessary. As provided in the Company's Articles of Association, the Board may convene telephonic and videoconferencing meetings.

Other matters specifically reserved for the Board's approval are those involving material acquisitions and disposal of assets, corporate or financial restructuring, share issuances, dividends to shareholders and interested person transactions.

To facilitate effective management, the Board delegates certain functions to the various Board committees whose actions are monitored and endorsed by the Board. These committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (individually, the "Board Committee"), all of which operate within clearly defined terms of reference and functional procedures. Each of these Board Committees reports its activities regularly to the Board.

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of appropriate training for its Directors. The Board ensures that incoming new Directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. The Company will also provide training for first-time Directors. Directors are constantly kept abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in seminars and workshops. The training of Directors will be arranged and funded by the Company. There was no new Director appointed during FY2015.

Briefing and updates provided to the Directors for FY2015 include:

– briefing by the external auditor, BDO LLP, on the developments in financial reporting and governance standard at the half-yearly review meetings;

– briefing on the Guide to the Code of Corporate Governance 2012 by the Management; and

– receiving report on internal controls by the Management

The number of Board and Board Committee meetings held during FY2015 and the attendance of each Director are set out as follows:

	Board		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	No. of Meetings held[1]	**No. of Meetings attended**	**No. of Meetings held[1]**	**No. of Meetings attended**	**No. of Meetings held[1]**	**No. of Meetings attended**	**No. of Meetings held[1]**	**No. of Meetings attended**
Ong Seng Gee	2	2	2	2	1	1	1	1
Choo Tung Kheng	2	2	2	2*	1	1*	1	1*
Chong Cheng Whatt	2	2	2	2*	1	1*	1	1*
Ong Kian Soon	2	2	2	2*	1	1*	1	1*
Lee Teong Sang	2	2	2	2	1	1	1	1
Tito Shane Isaac	2	2	2	2	1	1	1	1
Lee Seng Chan	2	1	2	1*	1	1*	1	1*

[1] Represents the number of meetings held as applicable to each individual Director.

* Attendance at meetings that were held on a "By Invitation" basis.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises seven (7) Directors, two (2) of whom hold executive positions:

Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Ong Seng Gee	Non-Executive Chairman	Member	Member	Member
Choo Tung Kheng	Managing Director	–	–	–
Chong Cheng Whatt	Executive Director	–	–	–
Ong Kian Soon	Non-Executive Director	–	–	–
Lee Teong Sang	Independent Non-Executive Director	Chairman	Member	Chairman
Tito Shane Isaac	Independent Non-Executive Director	Member	Chairman	Member
Lee Seng Chan	Independent Non-Executive Director	–	–	–

For the financial year in review, the Independent Directors made up at least one-third of the Board.

The independence of each Director is reviewed annually by the Board through the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. Each Independent Director is required to complete a Director's independent checklist annually to confirm his independence based on the guidelines as set out in the Code. The NC has determined that all the three (3) Independent Directors are independent. Through the NC, the Board considers all the three Directors to be independent including independent from the 10%* shareholders of the Company.

* *"10% shareholder" refers to a person who has an interest or interests in one or more voting shares in the Company and the total vote attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the Company. Voting shares exclude treasury shares.*

The NC has reviewed and is satisfied that the current composition and Board size is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. There are three (3) Independent Directors, who provide the Board with independent and objective judgment on corporate affairs of the Company. The requirement of the Code that at least one third of the Board comprises Independent Directors is satisfied.

CORPORATE GOVERNANCE REPORT

Should the need arise to appoint new Directors, the Board's policy in identifying Director nominees is to ensure an appropriate mix of complementary skills, core competencies and experience among the members. Currently, the Board comprises Directors who are qualified and experienced in various fields including business and management, accounting and finance, investor relations and legal practices. Their core competencies and gender distribution are tabled below:–

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board (%)**
Core Competencies		
– Business management and accounting	7	100
– Legal	1	14
– Industry knowledge and experience	3	43
– Investor relations	1	14
Gender		
– Male	6	86
– Female	1	14

The balance and diversity of the Board is reviewed annually by the NC. The NC will assess if the existing attributes and core competencies of the Board are complementary and help enhance the efficiency of the Board. The NC also seeks to identify any area of expertise that may be lacking by the Board. The results of such evaluations will be taken into consideration when the NC makes its recommendations for new appointments, or re-appointments of incumbent Directors.

The NC is of the view that the current Board comprises persons who collectively, have core competencies necessary to lead and manage the Group effectively.

Mr Lee Teong Sang and Mr Tito Shane Isaac have served as Independent Directors of the Company for more than nine years. The Board has subjected their independence to a particularly rigorous review. The NC is of the view that Mr Lee Teong Sang and Mr Tito Shane Isaac have expressed individual viewpoints, debated issues and objectively scrutinised and challenged the Management when deemed necessary. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management. Having considered the NC's opinion, the Board is of the view that Mr Lee Teong Sang and Mr Tito Shane Isaac have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders.

CORPORATE GOVERNANCE REPORT

In view of the above and taking into account their disclosure of independence, the wealth of experience and knowledge they have brought and will continue to bring to the Board, the Board resolved that Mr Lee Teong Sang and Mr Tito Shane Isaac continues to be considered independent, notwithstanding that they have served on the Board for more than nine years from the date of their first appointments.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code advocates that the Chairman and the Chief Executive Officer (the "CEO") should be separate persons so as to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

The Chairman of the Board is Mr Ong Seng Gee, a Non-Executive Director.

Day-to-day operations of the Group are entrusted to the Managing Director, Mdm Choo Tung Kheng.

The Chairman leads the Board to ensure effectiveness on all aspects of its role. With assistance from the Company Secretary who co-ordinates with the Management and Managing Director, the Chairman sets the meeting agenda and ensures that Directors are provided with complete, adequate and timely information. Board papers are sent to Directors at least three days in advance in order for Directors to be adequately prepared for the meetings. The Chairman ensures effective communication with shareholders and encourages constructive relations within the Board and between the Board and the Management by promoting a culture of transparency and openness in such relationship and in discussion at meetings. Management staff who have prepared the Board papers or who can provide additional insights into the matters to be discussed at Board Meetings, are invited to carry out presentations or attend the Board meeting at the relevant time, as and when appropriate. The Chairman also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance.

The Managing Director works with the Board to determine the strategy for the Group and is responsible for the mapping of business plans and operational decisions of the Group. The Managing Director also works together with the Management to ensure that the Group operates in accordance with its strategic and operational objectives.

All the Board Committees are chaired by Independent Directors and at least one-third of the Board consists of Independent Directors.

Mr Ong Seng Gee and Mdm Choo Tung Kheng are not related to each other. There is a clear division of roles and responsibilities of the Chairman and the Managing Director to ensure an appropriate balance of power and authority, thus no individual or group of individuals represents a considerable concentration of power or influence.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 4: BOARD MEMBERSHIP

The NC consists of three (3) Non-Executive Directors, the majority of whom, including the Chairman, are independent:

Mr Tito Shane Isaac – Chairman
Mr Lee Teong Sang – Member
Mr Ong Seng Gee – Member

In addition, the Chairman is not directly associated with any substantial shareholder of the Company.

The key terms of reference of the NC includes, to:

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees;
- nominate a Director for re-election at the Annual General Meeting ("AGM"), having regard to the Director's contribution and performance;
- determine annually and as and when circumstances require if a Director is independent;
- recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director, annual assessment of the effectiveness of the Board;
- decide whether a Director who has multiple board representations is able to and has been adequately carrying out his duties as Director of the Company;
- review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/CEO) and senior management personnel; and
- review of training and professional development programmes for the Board.

The NC has in place formal, written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering a new Board appointment.

In identifying suitable candidates, the NC may:

1. advertise or use services of external advisers to facilitate the search;
2. approach alternative sources such as the Singapore Institute of Directors; or
3. consider candidates from a wide range of backgrounds from internal or external sources.

CORPORATE GOVERNANCE REPORT

After short listing the candidates through reviewing the needs of the Board against the skills and experience offered by each candidate, the NC shall:

(a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have sufficient time to devote to the position; and

(b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

The NC conducts an annual review of the Directors' independence based on the Code's definition of what constitutes an independent director and is of the view that the three Independent Directors, Mr Lee Teong Sang, Mr Tito Shane Isaac and Mr Lee Seng Chan are independent, notwithstanding that Mr Lee Teong Sang and Mr Tito Shane Isaac have served on the Board for more than nine years, as elaborated in Principle 2 above.

To plan for Board renewal and succession, and also to ensure progressive refreshing of the Board, the NC shall adopt practices which will include a retirement schedule and a rigorous review of the appointment and independence of Directors who have served on the Board for more than nine years. As at the date of this report, Mr Lee Teong Sang and Mr Tito Shane Isaac have served on the Board for more than nine years. The NC, with endorsement from the Board, having considered, *inter alia*, Mr Lee Teong Sang and Mr Tito Shane Isaac's possession of in-depth knowledge relating to the Group's business operations and their continuous contributions at Board level in terms of impartial and constructive advice, is of the view that there is no material conflict between the tenure of their appointment as Independent Directors of the Company and their ability to discharge their duties as Independent Directors.

Article 89 of the Company's Articles of Association requires one-third of the Directors to retire from office by rotation and subject themselves to re-election by shareholders at the annual general meetings. Every Director must retire from office and submit themselves for re-nomination and re-election at least once every three years. Pursuant to Article 85 of the Company's Articles of Association, a Managing Director shall not while he/she continues to hold that office be subject to retirement by rotation and he/she shall not be taken into account in determining the rotation of retirement of Directors.

The NC reviews and recommends to the Board the re-nomination of retiring Directors standing for re-election and re-appointment of Directors. The review ensures that the Director to be re-nominated or re-appointed is able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.

The NC has recommended to the Board that Messrs Ong Seng Gee and Tito Shane Isaac (both retiring pursuant to Article 89) and Mr Lee Seng Chan (retiring pursuant to Section 153(6) of the Companies Act), be nominated for re-appointment at the forthcoming AGM pursuant to Article 89 of the Company's Articles of Association and Section 153(6) of the Companies Act. In recommending the above Directors for re-appointment, the NC has given regard to the results of the board assessment (please refer to Principle 5 on page 18 regarding Board performance) in respect of their competencies in fulfilling their responsibilities as Directors of the Board. The NC has also reviewed the independence of Mr Tito Shane Isaac and

CORPORATE GOVERNANCE REPORT

Mr Lee Seng Chan. In assessing their independence, the NC, having considered the guidelines set out in the Code, is of the view that Mr Tito Shane Isaac and Mr Lee Seng Chan are independent and there are no relationships identified in the Code which would deem them not to be independent. Mr Tito Shane Isaac and Mr Lee Seng Chan have also declared that they are independent.

All Directors are required to declare their Board representations. When a Director has multiple board representations and principal commitments, the NC will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that Mdm Choo Tung Kheng, Mr Ong Kian Soon, Mr Lee Teong Sang, Mr Tito Shane Isaac and Mr Lee Seng Chan, who sit on multiple boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company, notwithstanding their multiple board appointments.

There is no alternate Director on the Board.

The NC has reviewed the time and attention spent on the Company's affairs, and is satisfied that all the Directors have discharged their duties adequately for the financial year in review.

The Board does not see any reason to set the maximum number of listed company representations that any Director may hold as all the Directors are able to devote sufficient time and attention to the Company's affairs in light of their other commitments. In making this assessment, the NC has considered the size and composition of the Board and the nature and size of the Group's operations.

Each member of the NC has abstained from reviewing and voting on any resolution relating to the assessment of his performance or his re-nomination as Director, or in any matter where he has an interest.

Key information regarding the Directors, including their present and past three years' directorship in other listed companies and principal commitments is set out below:

Directors	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
				Current	Past 3 Years	Current
Ong Seng Gee	Non-Executive Chairman	16 October 2009	30 July 2013	Nil	Nil	Director of Australia and New Zealand Banking Group Limited
Choo Tung Kheng	Managing Director	1 July 2011	29 July 2011	New Wave Holdings Ltd.	Nil	Nil
Chong Cheng Whatt	Executive Director	2 August 2010	31 July 2014	Nil	Nil	Nil
Ong Kian Soon	Non-Executive Director	29 December 1998	31 July 2014	New Wave Holdings Ltd.	Nil	Nil

CORPORATE GOVERNANCE REPORT

Lee Teong Sang	Independent Non-Executive Director	16 September 2004	30 July 2013	New Wave Holdings Ltd.	Nil	Principal Consultant at Cyrus Capital Consulting, Director of Cyrus Corporation Pte Ltd
Tito Shane Isaac	Independent Non-Executive Director	30 August 2006	30 July 2012	New Wave Holdings Ltd.	Nil	Managing Partner of Tito Isaac & Co LLP
Lee Seng Chan	Independent Non-Executive Director	1 July 2011	31 July 2014	New Wave Holdings Ltd.	Nil	Managing Partner of UHY Lee Seng Chan & Co

PRINCIPLE 5: BOARD PERFORMANCE

Reviews of the performance of the Board as a whole, its Board Committees and each individual Director are conducted by the NC annually. With the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole and its Board Committees. The NC has proposed a set of performance criteria, approved by the Board, against which actual performances are measured. The performance criteria for the evaluation of the Board as a whole and its Board Committees includes, inter alia, the structure of the Board and the Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal controls, recruitment and evaluation, compensation, succession planning, financial reporting and communications with shareholders. Each Board member will be required to complete an appraisal form to be returned to the NC Chairman for consolidation and evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of this evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's and the Board Committees' performance.

The NC has also adopted guidelines for the annual assessment of the contribution of each individual Director to the effectiveness of the Board, and has performed the necessary assessment for FY2015. Each individual Director is required to fill up a self-appraisal form which is submitted to the NC for further evaluation and assessment. The assessment criteria for each individual Director include, *inter alia,* attendance at Board and related activities, adequacy of preparation for Board meetings, generation of constructive debates, maintenance of independence, contributions to strategic or business decisions or in other areas, for instance, in finance, legal or risk management, and disclosure of interested person transactions. Although some of the Directors have other Board representations, the NC is of the view that these Directors have been adequately carrying out their duties as Directors of the Company, taking into consideration the number of listed company Board representations and other principal commitments that these Board members hold.

CORPORATE GOVERNANCE REPORT

For FY2015, the NC, in assessing the contribution of each Director, had considered each Director's attendance and participation at Board and Board Committee meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business affairs including the Management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered.

The NC has assessed the current Board and Board Committee's performance to-date, as well as the performance of each individual Director, and is of the view that the performance of the Board as a whole and of each individual Director were satisfactory for the financial year in review. The Board has met its performance objectives for FY2015.

The Company did not use an external facilitator for the evaluation process.

PRINCIPLE 6: ACCESS TO INFORMATION

The Board meets at least twice yearly and the Directors are provided with adequate and timely information by the Management prior to the Board meetings on matters to be deliberated, thus facilitating an informed decision-making process. Besides the Board papers, Directors are also updated on initiatives and developments on the Group's business and are provided with statistics and explanatory materials as necessary. The Management also provides at each meeting an updated report on risk management and internal controls. All Directors are given separate and unrestricted access to the Company's senior Management at all times in carrying out their duties. When necessary, the Directors, whether as a group or individually, can seek independent professional advice at the Company's expense for the discharge of their duties.

The Directors also have separate and independent access to the Company Secretary. The Company Secretary is required to attend all Board and Board Committee meetings and ensures that Board procedures are followed; and that the Company complies with the requirements of the Companies Act and the Rules of Catalist. The Company Secretary also ensures that there are good information flows within the Board and its Board Committees and between Management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC consists of three (3) Non-Executive Directors, the majority of whom, including the Chairman, are independent:

Mr Lee Teong Sang – Chairman
Mr Tito Shane Isaac – Member
Mr Ong Seng Gee – Member

CORPORATE GOVERNANCE REPORT

According to its terms of reference, the responsibilities of the RC include the following:

– review and recommend to the Board a framework of remuneration that will attract, retain and motivate Directors and key management personnel and the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the key management personnel;

– review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;

– consider whether Directors, the CEO and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented; and

– consider the disclosure requirements for Directors' and top 5 key management personnel remuneration as required by the Code.

As part of its review, the RC shall ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC will also take into consideration the Company's relative performance and the performance of individual Directors. Executive Directors are paid a basic salary, allowances and performance-related bonus for their contributions. The performance-related bonus was payable based on both qualitative and quantitative performance criteria. Qualitative criteria included leadership skills, people development, commitment and teamwork. Quantitative performance conditions measure the achievement of individual and corporate performance targets such as sales and profitability targets. The RC has reviewed and is satisfied that the corporate performance targets have been met for FY2015.

Non-Executive Directors receive a basic fee for their services. The performance-related element of the remuneration is designed to align interests of Executive Directors with those of shareholders and link rewards to corporate and individual performance. The RC also ensures that the remuneration of Non-Executive Directors is appropriate to their level of contribution. No Director is involved in deciding his or her own remuneration package.

The Group has entered into various letters of employment with all of the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds for termination and certain restrictive covenants.

All revisions to the remuneration packages for the Directors and key management personnel are subjected to the review and approval of the Board. Directors' fees are further subjected to the approval of shareholders at annual general meetings. Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. The expense of such services shall be borne by the Company.

CORPORATE GOVERNANCE REPORT

Having reviewed and considered the variable components of the Executive Directors and the Key Management Personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

The Company did not engage the services of any remuneration experts to advice on remuneration matters for FY2015.

Given the confidentiality and sensitivity of Directors' remuneration matters, the Board has elected not to fully disclose the remuneration of each individual Director and the Managing Director. The table below provides a breakdown of the level and mix of the remuneration of each Director and the Managing Director in bands of $250,000 for FY2015:–

	Salary %	**Bonus %**	**Others %**	**Fees %**	**Total %**
Remuneration Band and Name of Director					
Below S$250,000					
Choo Tung Kheng	80	7	13	–	100
Chong Cheng Whatt	79	7	14	–	100
Ong Kian Soon	–	–	–	100	100
Ong Seng Gee	–	–	–	100	100
Lee Teong Sang	–	–	–	100	100
Tito Shane Isaac	–	–	–	100	100
Lee Seng Chan	–	–	–	100	100

The table below provides a breakdown of the level and mix of remuneration of each of the top five key management personnel's remuneration (who are not Directors or the CEO) in bands of $250,000 for FY2015. The Board believes that the disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of the key management personnel's remuneration matters.

A breakdown, showing the level and mix of each of the top four key management personnel's remuneration (who are not Directors or the CEO) in bands of $250,000 for FY2015 is as set out below:–

	Salary %	**Bonus %**	**Others %**	**Fees %**	**Total %**
Remuneration Band and Name of Key Management Personnel					
Below S$250,000					
Goh Chee Seng	83	7	10	–	100
Chai See Siong	45	4	51	–	100
Ng Lay Choo	78	7	15	–	100
Tan Yeat Chia[1]	79	7	14	–	100

Note:

(1) Mr Tan Yeat Chia is the son of Mdm Choo Tung Kheng, the Managing Director of the Company whose remuneration band falls within S$100,000 to S$150,000.

CORPORATE GOVERNANCE REPORT

There were only four key management for the financial year in review. Save for as disclosed above, the Company does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S$50,000 for FY2015.

The Board is of the opinion that to deter poaching by competitors, disclosure of the specific and aggregate remuneration paid to the top four key management personnel would not be in the best interest of the Company.

Further information on Directors and key management is on pages 6, 7 and 8 of this Annual Report.

For FY2015, there were no terminations, retirement or post-employment benefits granted to Directors and key executives other than the standard contractual notice period termination payment in lieu of service.

The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

ACCOUNTABILITY AND AUDIT
PRINCIPLE 10: ACCOUNTABILITY

The Board is accountable to shareholders and will ensure that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory requirements and the Rules of Catalist.

The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.

The Board reviews and approves the half yearly and/or full year financial results announcements as well as any announcements before their release on the SGXNET and the media. Shareholders are provided with the half-yearly and full year results and annual financial reports on a timely manner. In presenting the annual financial statements and half-yearly financial results announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET.

To ensure compliance with legislative and regulatory requirements, including requirements under the Rules of Catalist, the Board through Management reviews the relevant compliance reports and ensures that Management seeks the Board's approval of such reports or requirements.

In compliance with the Rules of Catalist, the Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The Management provides the Board with Management accounts and such explanation and information on a timely basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Group does not have a Risk Management Committee as the Board is already currently assisted by the AC and Management in carrying out its responsibility of overseeing the Group's risk management framework and policies.

The Management regularly reviews the Company's business, operations and activities to identify possible areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for ensuring that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. At every AC and Board meeting (which is on a half-yearly basis), the AC, together with the Board, reviews the adequacy and effectiveness of the Group's system of internal controls put in place to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information are reliable.

For the financial year under review, the Board has received assurance ("Assurance") from the Managing Director, the Group Finance Manager and the Risk Officer in charge of the risk management and internal control framework that:

– the Group's risk management and internal control systems in place are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks; and

– the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by the external auditors and reviews performed by the Management, various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology risks and risk management systems, were adequate and effective during FY2015. The size of the operations of the Group does not warrant the Group having a separate internal audit function. Nevertheless, the Company has in place a system of internal controls which the Board believes to be adequate. The AC will continue to assess the adequacy of the internal control systems annually.

The Company acknowledges the importance of sustainability risks in today's business environment and will implement policies and procedures to address such risks when necessary.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three (3) Non-Executive Directors, the majority of whom, including the Chairman, are independent:

Mr Lee Teong Sang – Chairman
Mr Tito Shane Isaac – Member
Mr Ong Seng Gee – Member

The key terms of reference of the AC are to:–

(a) review with the external/internal auditors the audit plans, their evaluation of the system of internal accounting controls, and their audit report including the scope and results of the external/internal audit, the independence and objectivity of the external/internal auditors;

(b) review the financial statements and balance sheet and profit and loss accounts including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, before submission to the Board for approval;

(c) review the internal control procedures, its scope and the results and to ensure co-ordination between the external/internal auditors and the Management; and review the assistance given by Management to the external/internal auditors, and discuss problems and concerns, if any, arising from the interim and final audits;

(d) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls;

(e) review the effectiveness of the Company's internal audit function (as applicable);

(f) review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response;

(g) make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external/internal auditors;

(h) review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;

(i) review potential conflicts of interest, if any;

(j) undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC; and

CORPORATE GOVERNANCE REPORT

(k) generally undertake such other functions and duties as may be required by statute or the Rules of Catalist, or by such amendments as may be made from time to time.

The AC also has explicit authority to investigate any matters within its terms of reference, full access to and cooperation by the Management and has full discretion to invite any Director or executive officer to attend its meetings.

The AC has met with the external auditor, without the presence of the Management. Matters to discuss include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC had reviewed the audit plan and AC report presented by the external auditor. The AC also received from the external auditor regular updates on changes and amendments to accounting standards to enable the AC's members to keep abreast of such changes, and issues which have a direct impact on financial statements. Following its review, the AC recommended to the Board for approval the audited annual financial statements.

The AC reviews the independence of the external auditor annually. The AC, having reviewed the volume and scope of non-audit services provided by the external auditor to the Group, is satisfied the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The AC is also satisfied with the external auditors' confirmation of their independence. Please refer to the table below for the aggregate fees paid to the external auditor and breakdown of fees paid in total to audit and non-audit services respectively.

Accordingly, the AC has recommended to the Board the re-appointment of BDO LLP as the Company's external auditor at the forthcoming AGM.

The aggregate amount of fees paid to the external auditor of the Company, BDO LLP, broken down into audit and non-audit services during for FY2015 is as follows:

Description	**Amount**	**Percentage**
Audit fees	S$60,751	86.0
Non-audit fees payable to the external auditors in respect of tax advisory services rendered to the Group	S$9,904	14.0
Total	S$70,655	100.0

The Company is in compliance with Rules 712 and 715 of the Rules of Catalist.

CORPORATE GOVERNANCE REPORT

The Company has, with the help of the AC, formulated the guidelines for a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The employee may report his concerns to his immediate supervisor, or if that is unsuitable, then to the Head of Department or to any Executive Director. Alternatively, the employee may choose to write directly to the Chairman of the AC at a given address. The AC oversees the administration of the whistle-blowing policy. The Company will extend the whistle-blowing policy to external parties in due course.

No former partner or Director of the Company's existing auditing firm or audit corporation is a member of the AC.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he/she is interested in.

PRINCIPLE 13: INTERNAL AUDIT

The Board recognises the important of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. Rule 719(1) of the Rules of Catalist requires an issuer to have a robust and effective system of internal controls, addressing financial, operational and compliance risks. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational and compliance controls.

The size of the operations of the Group does not warrant the Group having a separate internal audit function. Nevertheless, the Company has in place a system of internal controls which have been approved and endorsed by the AC and Board. The AC and Board will continue to assess the adequacy of the internal control systems annually.

During FY2015 the AC enquired and relied on reports from Management and external auditors on any material non-compliance and internal control weakness. The AC has reviewed with the external auditors their findings of the existence and adequacy of material internal control procedures as part of their audit for the financial year under review. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. Timely and proper implementation of all required corrective, preventative or improvement measures is closely monitored.

PRINCIPLE 14: SHAREHOLDERS RIGHTS
PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Group's corporate governance culture and awareness promotes fair and equitable treatment for all shareholders. All shareholders enjoy specific rights under the Companies Act and the Articles of Association of the Company. All shareholders are treated fairly and equitably.

CORPORATE GOVERNANCE REPORT

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, shareholders will be informed of the rules, voting procedures relating to the general meetings.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend annual general meetings. Subject to legislative amendment to the Companies Act of the relevant provision regarding appointment of proxies, the Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company values dialogue sessions with its shareholders and believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press release and corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed.

The Company strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility.

The two Executive Directors and the Company Secretary will communicate with the shareholders in their respective areas of expertise. If the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends will depend upon the Group's operating results, cash flows projections and investment plans. The Company does not propose any dividend payment as the Company did not have any distributable profits for FY2015.

All shareholders receive reports or circulars of the Company including notice of general meeting by post within the prescribed period. Notice of general meeting is announced through SGXNET and published in the Business Times.

The Company supports active shareholders' participation. If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

CORPORATE GOVERNANCE REPORT

At general meetings, all the Directors, Chairman of the Board and the respective Chairman of the AC, NC and RC as well as the external auditors will be present and available to address shareholders' queries at these meetings.

The Company, with the help of the Company Secretary, prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and Management, and such minutes will be made available to shareholders upon their request.

While acknowledging that voting by poll is integral in the enhancement of corporate governance and lead to greater transparency of the level of support for each resolution, the Company is concerned over the cost effectiveness and efficiency of the polling procedures which may be logistically and administratively burdensome. Electronic polling may be efficient in terms of speed but may not be cost effective. The Board will adhere to the requirements of the Rules of Catalist where all resolutions are to be voted by poll for general meetings held on or after 1 August 2015.

Update on Use of Placement Proceeds

On 27 February 2008, the Company issued 64,000,000 shares by way of a private placement (the "2008 Placement") and the net proceeds amounted to approximately S$2.27 million. The Company has not, as yet, utilised the net proceeds from the 2008 Placement. The full amount has been placed as term deposits with a bank.

As part of the Company's strategy to execute its investment and business expansion plan, the Company had on 18 December 2012 completed a share placement exercise (the "2012 Placement") in which a total of 150,000,000 ordinary shares were issued and gross proceeds of approximately S$1.49 million were raised. The following table shows an update on the use of proceeds from the 2012 Placement as at the date of this report:

		S$ million	
Intended Use	**Approximate Amount Allocated**	**Amount Used To Date**	**Amount Remaining**
1. Support business expansion through acquisitions, joint ventures and collaborations in businesses other than the printed circuit board business	1.01	–	1.01
2. General working capital – purchase of raw materials in the printed circuit board business	0.43	0.43	Nil
3. Expenses incurred in connection with the Placement Shares	0.04	0.04	Nil
– purchase of raw materials in the printed circuit board business	0.01	0.01[1]	Nil
Total	**1.49**	**0.48**	**1.01**

Note:

(1) Approximately S$0.01 million was redeployed from the amount allocated for expenses incurred in connection with the Placement Shares for the purchase of raw materials in the printed circuit board business.

CORPORATE GOVERNANCE REPORT

Dealing in Securities

In line with Rule 1204(19) of the Rules of Catalist, the Group has adopted an internal compliance code to provide guidance to its officers with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Company, the Directors and employees of the Group while in possession of unpublished price-sensitive information and during the period commencing one (1) month before the announcement of the Company's half year and full year financial results and ending on the date of the announcement of the results. Directors and officers of the Group are also not allowed to deal in the Company's securities on short-term considerations. The Directors and officers are also required to adhere to the provisions of the Companies Act and any other relevant regulations with regard to their securities transactions. Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading periods.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of the Managing Director, any Director or controlling shareholder either still subsisting as at 31 March 2015 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the Rules of Catalist.

The Company confirms that there were no interested person transactions of S$100,000 or more entered into during the financial year under review.

Non-Sponsorship Fees

There were no non-sponsor fees paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. by the Company for FY2015.

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited financial statements of CPH Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2015 and the statement of financial position of the Company as at 31 March 2015.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Ong Seng Gee	(Non-Executive Chairman)
Choo Tung Kheng	(Managing Director)
Chong Cheng Whatt	(Executive Director)
Ong Kian Soon	(Non-Executive Director)
Lee Teong Sang	(Independent, Non-Executive Director)
Tito Shane Isaac	(Independent, Non-Executive Director)
Lee Seng Chan	(Independent, Non-Executive Director)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR 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.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors of the Company who held 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 detailed below:

	Number of ordinary shares			
	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have interests	
	Balance at 1 April 2014	Balance at 31 March 2015	Balance at 1 April 2014	Balance at 31 March 2015
Company				
Ong Seng Gee	250,000	250,000	–	–
Choo Tung Kheng[(1)]	170,012,315	170,012,315	77,001,200	77,001,200
Chong Cheng Whatt	500,000	500,000	–	–
Ong Kian Soon	10,534,000	10,534,000	–	–

REPORT OF THE DIRECTORS

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

Note:

(1) Pursuant to Section 7 of the Act, Mdm Choo Tung Kheng is deemed to have an interest in 1,200 shares of the Company through the late Mr Tan Ming at the beginning and end of the financial year respectively.

In addition, Mdm Choo Tung Kheng is deemed to have an interest in the 77,000,000 shares of the Company held by Citibank Nominees Singapore Pte Ltd. These shares are held by Citibank Nominees Singapore Pte Ltd. for the account of Sea Treasures Ltd, a Cayman Islands incorporated company owned by Mdm Choo Tung Kheng.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of Directors' shareholdings, the Directors' interests as at 21 April 2015 in the shares of the Company have not changed from those disclosed as at 31 March 2015.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries during the financial year.

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

There were no unissued shares of the Company or of its subsidiaries under options as at the end of the financial year.

6. AUDIT COMMITTEE

The Audit Committee comprises the following members, who are all Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

Lee Teong Sang (Chairman)
Ong Seng Gee
Tito Shane Isaac

REPORT OF THE DIRECTORS

6. **AUDIT COMMITTEE** (CONTINUED)

The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including the following:

(i) review the audit plans and results of the external audit;

(ii) review the Group's financial and operation results and accounting policies;

(iii) review the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditor's report on those financial statements;

(iv) reviews the half yearly and annual announcements on the results of the Group and financial position of the Group and of the Company;

(v) ensures the co-operation and assistance given by the management to external auditor;

(vi) makes recommendations to the Board on the appointment of external auditor; and

(vii) reviews the Interested Person Transactions as defined in Chapter 9 of the Rules of Catalist of SGX-ST as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

REPORT OF THE DIRECTORS

7. AUDITOR

The auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Choo Tung Kheng	**Ong Kian Soon**
Director	Director

Singapore
6 July 2015

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and of the results, 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.

On behalf of the Board of Directors

Choo Tung Kheng
Director

Ong Kian Soon
Director

Singapore
6 July 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of CPH Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair 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 control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 31 March 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
6 July 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

		Group		Company	
		2015	2014	2015	2014
	Note	$	$	$	$
ASSETS					
Non-current assets					
Subsidiaries	4	**–**	–	**12,731,334**	12,731,334
Associate	5	**649,431**	654,418	**–**	–
Property, plant and equipment	6	**2,168,464**	2,801,788	**–**	–
Investment property	7	**8,500,000**	8,000,000	**–**	–
Intangible assets	8	**–**	–	**–**	–
Other receivables	11	**–**	–	**–**	2,637,764
Available-for-sale financial asset	9	**97,632**	97,632	**97,632**	97,632
Total non-current assets		**11,415,527**	11,553,838	**12,828,966**	15,466,730
Current assets					
Inventories	10	**1,759,487**	1,937,453	**–**	–
Trade and other receivables	11	**1,112,839**	1,677,897	**4,029,640**	1,254,604
Prepayments		**52,318**	52,640	**8,876**	8,716
Cash and cash equivalents	12	**4,087,413**	4,362,778	**631,860**	945,685
Total current assets		**7,012,057**	8,030,768	**4,670,376**	2,209,005
Total assets		**18,427,584**	19,584,606	**17,499,342**	17,675,735
EQUITY AND LIABILITIES					
Equity					
Share capital	13	**24,764,175**	24,764,175	**24,764,175**	24,764,175
Foreign currency translation account	14	**(276,416)**	(257,974)	**–**	–
Share-based payment reserve	15	**10,000**	10,000	**10,000**	10,000
Accumulated losses		**(7,742,618)**	(6,055,260)	**(7,419,605)**	(7,223,576)
Equity attributable to owners of the parent		**16,755,141**	18,460,941	**17,354,570**	17,550,599
Non-controlling interests		**–**	(1,253,156)	**–**	–
Total equity		**16,755,141**	17,207,785	**17,354,570**	17,550,599
Non-current liabilities					
Deferred tax liabilities	16	**83,233**	169,112	**–**	–
Finance lease payable	19	**74,033**	101,560	**–**	–
Total non-current liabilities		**157,266**	270,672	**–**	–
Current liabilities					
Trade and other payables	17	**852,216**	1,326,899	**144,772**	125,136
Bank borrowings	18	**639,542**	756,798	**–**	–
Finance lease payable	19	**23,397**	22,430	**–**	–
Current income tax payable		**22**	22	**–**	–
Total current liabilities		**1,515,177**	2,106,149	**144,772**	125,136
Total liabilities		**1,672,443**	2,376,821	**144,772**	125,136
Total equity and liabilities		**18,427,584**	19,584,606	**17,499,342**	17,675,735

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2015 $	2014 $
Continuing operations			
Revenue	20	**6,989,360**	7,241,975
Cost of sales		**(6,544,960)**	(6,704,865)
Gross profit		**444,400**	537,110
Other items of income			
Other income	21	**1,173,586**	540,137
Other items of expense			
Selling and distribution costs		**(97,351)**	(96,732)
Administrative expenses		**(1,755,453)**	(2,038,046)
Other expenses		**(244,475)**	(1,141,592)
Finance costs	22	**(32,080)**	(24,465)
Share of results of associate, net of tax		**(4,987)**	49,803
Loss from continuing operations, before income tax	23	**(516,360)**	(2,173,785)
Income tax expense	24	**82,158**	(47)
Loss from continuing operations, net of tax		**(434,202)**	(2,173,832)
Discontinued operation			
Loss from discontinued operation, net of tax	4	**–**	(2,042,411)
Loss for the financial year		**(434,202)**	(4,216,243)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Continuing operations			
Exchange differences on translating foreign operations		**(18,442)**	(54,351)
Discontinued operation			
Exchange differences on translating foreign operations		**–**	(3,654)
Reclassification adjustment arising from disposal of foreign operation		**–**	57,874
Income tax relating to items that will or may be reclassified		**–**	–
Other comprehensive income for the financial year, net of tax		**(18,442)**	(131)
Total comprehensive income for the financial year		**(452,644)**	(4,216,374)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2015 $	2014 $
Loss attributable to:			
Owners of the parent			
– Continuing operations		**(434,202)**	(1,803,608)
– Discontinued operation		**(1,253,156)**	(1,283,121)
		(1,687,358)	(3,086,729)
Non-controlling interests			
– Continuing operations		**–**	(370,224)
– Discontinued operation		**1,253,156**	(759,290)
		1,253,156	(1,129,514)
		(434,202)	(4,216,243)
Total comprehensive income attributable to:			
Owners of the parents			
– Continuing operations		**(452,644)**	(1,857,959)
– Discontinued operation		**(1,253,156)**	(1,255,192)
		(1,705,800)	(3,113,151)
Non-controlling interests			
– Continuing operations		**–**	(370,224)
– Discontinued operation		**1,253,156**	(732,999)
		1,253,156	(1,103,223)
		(452,644)	(4,216,374)
Loss per share	25		
Continuing operations			
– Basic		**(0.04) cents**	(0.15) cents
– Diluted		**(0.04) cents**	(0.15) cents
Discontinued operation			
– Basic		**(0.10) cents**	(0.10) cents
– Diluted		**(0.10) cents**	(0.10) cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Share capital $	Foreign currency translation account $	Share-based payment reserve $	Accumulated losses $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance as at 1 April 2014	24,764,175	(257,974)	10,000	(6,055,260)	18,460,941	(1,253,156)	17,207,785
Loss for the financial year	–	–	–	(1,687,358)	(1,687,358)	1,253,156	(434,202)
Other comprehensive income:							
Exchange differences on translating foreign operation	–	(18,442)	–	–	(18,442)	–	(18,442)
Total comprehensive income for the financial year	–	(18,442)	–	(1,687,358)	(1,705,800)	1,253,156	(452,644)
Balance as at 31 March 2015	**24,764,175**	**(276,416)**	**10,000**	**(7,742,618)**	**16,755,141**	**–**	**16,755,141**
Balance as at 1 April 2013	24,764,175	(231,552)	10,000	(2,968,531)	21,574,092	(149,933)	21,424,159
Loss for the financial year	–	–	–	(3,086,729)	(3,086,729)	(1,129,514)	(4,216,243)
Other comprehensive income:							
Exchange differences on translating foreign operation	–	(58,005)	–	–	(58,005)	–	(58,005)
Reclassification adjustment arising from disposal of foreign operation	–	31,583	–	–	31,583	26,291	57,874
Total comprehensive income for the financial year	–	(26,422)	–	(3,086,729)	(3,113,151)	(1,103,223)	(4,216,374)
Balance as at 31 March 2014	24,764,175	(257,974)	10,000	(6,055,260)	18,460,941	(1,253,156)	17,207,785

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARTH 2015

	Note	2015 $	2014 $
Operating activities			
Loss before income tax from continuing operations		**(516,360)**	(2,173,785)
Loss before income tax from discontinued operation		**–**	(2,042,411)
Loss before income tax, total		**(516,360)**	(4,216,196)
Adjustments for:			
Change in fair value of investment property		**(500,000)**	–
Depreciation of property, plant and equipment		**559,186**	894,960
Impairment loss on investment in an associate		**–**	979,903
Impairment loss on plant and equipment		**–**	652,607
Interest expense		**32,080**	24,465
Interest income		**(8,821)**	(7,682)
Loss on disposal of a subsidiary		**–**	1,405,166
Plant and equipment written off		**2,584**	83,910
Share of results of associate, net of tax		**4,987**	(49,803)
Operating cash flows before working capital changes		**(426,344)**	(232,670)
Working capital changes:			
Inventories		**103,146**	(2,378)
Trade and other receivables		**360,352**	(2,004,616)
Prepayments		**(1,154)**	46,770
Trade and other payables		**(112,910)**	933,677
Cash used in operations		**(76,910)**	(1,259,217)
Income tax paid		**–**	(25)
Net cash used in operating activities		**(76,910)**	(1,259,242)
Investing activities			
Purchase of plant and equipment		**(20,910)**	(108,045)
Disposal of a subsidiary, net of cash proceeds	4	**–**	123,459
Interest received		**8,821**	7,682
Net cash (used in)/from investing activities		**(12,089)**	23,096

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2015 $	2014 $
Financing activities			
Proceeds from trust receipts		**2,517,062**	2,389,576
Repayment of trust receipts		**(2,634,318)**	(2,244,506)
Repayment of finance lease payable		**(22,378)**	(5,395)
Interest paid		**(32,080)**	(24,465)
Net cash (used in)/from financing activities		**(171,714)**	115,210
Net change in cash and cash equivalents		**(260,713)**	(1,120,936)
Cash and cash equivalents at beginning of financial year		**4,362,778**	5,491,899
Exchange difference on cash and cash equivalents		**(14,652)**	(8,185)
Cash and cash equivalents at end of financial year	12	**4,087,413**	4,362,778

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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

1. GENERAL CORPORATE INFORMATION

CPH Ltd. (the "Company") (Registration Number 199804583E) is a public limited liability company, incorporated and domiciled in Singapore with its registered office address and principal place of business at 8 First Lok Yang Road, Singapore 629731. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2015 were authorised for issue in accordance with a Directors' resolution dated 6 July 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar which is the functional currency of the Company and presentation currency for the consolidated financial statements.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new and revised FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised FRS did not result in changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior years, except as detailed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS 110 – Consolidated Financial Statements and FRS 27 (Revised) – Separate Financial Statements

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

– power over an investee;

– exposure, or rights, to variable returns from the investee; and

– the ability to use its power over an investee to affect the Group's returns from the investee.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 April 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 112 – Disclosure of Interests in Other Entities

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 April 2014.

Amendments to FRS 36 – Recoverable Amount Disclosures for Non-financial Assets

The amendments to FRS 36 were issued to remove the requirement to disclose the recoverable amount of any cash-generating unit for which the carrying amount of goodwill or intangible assets with an indefinite useful life is significant compared to the total carrying amount of goodwill or intangible assets with an indefinite useful life, and instead require disclosure about recoverable amount only when there is a significant impairment or reversal of an impairment, as well as to require additional disclosures when recoverable amount is based on fair value less costs of disposal.

The Group has adopted the amendments to FRS 36 from 1 April 2014, and reflected the relevant amended disclosure requirements in these financial statements. There is no impact on the Group's financial position or financial performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.1 **Basis of preparation of financial statements** (Continued)

FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group has not adopted the following FRS that have been issued but not yet effective:

			Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	:	Disclosure Initiative	1 January 2016
FRS 19 (Amendments)	:	Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 27 (Amendments)	:	Equity Method in Separate Financial Statements	1 January 2016
FRS 109	:	Financial Instruments	1 January 2018
FRS 111 (Amendments)	:	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	:	Regulatory Deferral Accounts	1 January 2016
FRS 115	:	Revenue from Contracts with Customers	1 January 2017
FRS 16 and 38 (Amendments)	:	Clarification and Acceptance Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and 41 Amendments)	:	Agriculture: Bearer Plants	1 January 2016
FRS 110 and 28 (Amendments)	:	Sale of Contribution of Assets Between An Investor and Its Associate or Joint Venture	1 January 2016
FRS 110, 112 and 28 (Amendments)	:	Investment Entities: Applying The Consolidation Exception	1 January 2016
Improvements to FRSs (January 2014)			1 July 2014
Improvements to FRSs (February 2014)			1 July 2014
Improvements to FRSs (November 2014)			1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group expects that the adoption of the above FRS, if applicable, will have no material impact on the financial statements in the period of initial application, except as discussed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 – Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 April 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly those currently classified as available-for-sale and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 – Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 April 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by to the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries and associates are carried at cost, less any impairment loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Business combinations from 1 April 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is re-measured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations from 1 April 2010 (Continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 April 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.4 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Investment in an associate is 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.

In applying the equity method of accounting, the Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in an associate.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to align the accounting policies with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Plant and machinery	5 – 10
Office equipment, furniture and fittings	3 – 10
Air-conditioners	6.67
Motor vehicles	5
Renovation	5 – 10

Leasehold property is depreciated over its lease term of 27 years.

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

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

2.7 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on acquisition of subsidiaries prior to 1 April 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets excluding goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Inventories

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

Cost of raw materials and finished goods is determined on a "first-in, first-out" basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Work-in-progress is stated at cost which comprises direct material, direct labour, and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility is ascertained.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business less cost of realisation. Where necessary, the carrying value of inventories are adjusted to the lower of cost and net realisable value to account for obsolete, slow-moving and defective inventories.

2.10 Financial assets

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial asset is non-derivative that is either designated as available-for-sale or not classified in any of the other categories. It is included in non-current assets unless the management intends to dispose of the asset within 12 months after the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes party to contractual provisions of the financial instruments.

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 derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss. Any cumulative gain or loss in the fair value reserve relating to the asset is also recognised in profit or loss.

Initial and subsequent measurement

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

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

After initial recognition, available-for-sale financial asset is re-measured at fair value with gains or losses from changes in fair value of the financial asset is recognised in other comprehensive income except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment when the available-for-sale financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale financial assets

Significant or prolonged declines in the fair value of debt or equity security below its cost, significant financial difficulties of the issues or obligor and the disappearance of an active trading market for the security are considerations to determine whether there is objective evidence that the available-for-sale financial asset is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in equity is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment loss on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.13 Financial liabilities

Financial liabilities of the Group are classified as other financial liabilities.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

(ii) Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the bank borrowings using the effective interest method.

Bank borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial liabilities (Continued)

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

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

2.14 Inter-company non-interest bearing loan

In the Company's separate financial statements, non-interest bearing loan to a subsidiary is stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in a subsidiary in the Company's separate financial statements. Subsequently, this loan is measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

2.15 Leases

When the Group as lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (Continued)

When the Group as lessee of operating leases

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

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

When the Group as lessor of operating leases

Leases where the Group retains substantially all risks and rewards incidental to the ownership are classified as operating leases.

Assets leased out under operating leases are included in investment property.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

Interest income is recognised on a time-apportionment basis using the effective interest method.

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

2.18 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.19 Employee benefits

Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

Share-based compensation

The fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.20 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

Deferred tax (Continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

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

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the respective entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purposes of presenting consolidated financial statements, the results and financial positions of the Group's entities 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 rate at the reporting date;

(ii) income and expenses are translated at average exchange rate for the financial year (unless this 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 foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

Prior period comparatives are re-presented so that the disclosures relate to all operations that have been discontinued by the end of the current financial year.

2.24 Contingencies

A contingent liability is:

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

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

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

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

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

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 on determining whether investments or financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair values of investments or financial assets are less than their cost and the financial health of and near-term business outlook for the investments or financial assets, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(ii) Allowance for impairment loss on doubtful receivables

The policy for impairment of receivables of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** (CONTINUED)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The management estimates the useful lives of these assets to be within 3 to 27 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at 31 March 2015 was $2,168,464 (2014: $2,801,788).

(ii) Fair value of investment property

The Group's investment property is stated at fair value in accordance with the accounting policy stated in Note 2.6 to the financial statements. As at 31 March 2015, the fair value of the Group's investment property was determined by a firm of independent professional valuers and the carrying value of investment property was $8,500,000 (2014: $8,000,000). Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing as at the end of the reporting period. These estimates are regularly compared to actual market data.

(iii) Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provides for excess inventories based on historical usage and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 March 2015 was $1,759,487 (2014: $1,937,453).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's and the Company's provision for income taxes. The Group and the Company recognise expected liabilities for income tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made. The carrying amounts of the Group's deferred tax liabilities and current income tax payable as at 31 March 2015 were $83,233 (2014: $169,112) and $22 (2014: $22) respectively.

4. SUBSIDIARIES

	Company	
	2015	**2014**
	$	**$**
Unquoted equity shares, at cost	**27,198,925**	27,198,925
Discount implicit in inter-company non-interest bearing loan	**659,598**	659,598
Impairment loss on investments in subsidiaries	**(15,127,189)**	(15,127,189)
	12,731,334	12,731,334

There was no movement in impairment loss on investments in subsidiaries during the financial years ended 31 March 2015 and 2014.

During the financial year, the Company carried out a review of the investments in subsidiaries, having regards for indications of impairment on investments in subsidiaries based on the existing performance of the relevant subsidiaries. No additional impairment loss resulted from the review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. SUBSIDIARIES (CONTINUED)

The particulars of the subsidiaries are as follows:

Name of company	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2015 %	2014 %	2015 %	2014 %
Held by the Company						
Circuits Plus Pte Ltd[1]	Singapore	Sale of printed circuit boards and advance interconnect substrates	**100**	100	**–**	–
Circuits Plus (Asiatic) Pte Ltd[1]	Singapore	Dormant	**100**	100	**–**	–
CP Lifestyle Pte. Ltd.[1]	Singapore	Investment holding company	**100**	100	**–**	–
Held by Circuits Plus Pte Ltd						
Circuits Plus (M) Sdn. Bhd.[2]	Malaysia	Manufacture and sale of printed circuit boards and advance interconnect substrates	**100**	100	**–**	–
Held by CP Lifestyle Pte. Ltd.						
Qian Xi (ChongQing) Pte. Ltd.[3]	Singapore	Investment holding	**–**	51.51	**–**	48.49

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia

(3) Commenced winding up proceedings during the year.

The Audit Committee and the Board of Directors are of the opinion that Rule 712 and Rule 715 of the SGX-ST Listing Manual (the "Listing Manual") have been complied with.

Non-controlling interests

The non-controlling interests arising from Qian Xi (ChongQing) Pte. Ltd. are considered to be insignificant to the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. **SUBSIDIARIES** (CONTINUED)

Liquidation of subsidiary

On 17 September 2014, the Group had commenced winding up proceedings on its subsidiary, Qian Xi (ChongQing) Pte. Ltd. ("QXCQ"), a company registered in Republic of Singapore. The Company was dissolved on 8 April 2015.

The effects of the liquidation of subsidiary of QXCQ as at the date of liquidation were as follows:

	2015 $
Carrying amounts of assets and liabilities liquidated:	
Cash at bank	28,398
Less: Other payables	(9,951)
Net asset liquidated	18,447
The aggregate cash flows arising from the liquidation of QXCQ were:	
Net asset liquidated (as above)	18,447
Amount due from a subsidiary written off upon liquidation	1,253,156
Liquidation of a subsidiary	(1,253,156)
Less: Cash at bank in subsidiary liquidated	(18,447)
Cash proceeds from liquidation	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. SUBSIDIARIES (CONTINUED)

Disposal of subsidiary and discontinued operation

On 31 October 2013, the Group disposed of its entire equity interest in Cheer Garden Food & Beverage Co., Ltd ("CG"), a company registered in People's Republic of China for net consideration of $123,459.

The results of the discontinued operation and liquidation or disposal are as follows:

	Note	2014 $
Revenue		1,005,021
Cost of sales		(573,134)
Gross profit		431,887
Other items of income		
Other income	21	1,271,900
Other items of expense		
Selling and distribution costs		(1,346,918)
Administrative expenses		(313,466)
Other expenses		(680,648)
Loss before income tax	23	(637,245)
Add: Loss on disposal of a subsidiary		(1,405,166)
Loss from discontinued operation, net of tax		(2,042,411)
Other comprehensive income		
Items that will or may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations		(3,654)
Reclassification adjustment arising from disposal of foreign operation		57,874
Income tax relating to items that will or may be reclassified		–
Total comprehensive income for the financial year		(1,988,191)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. **SUBSIDIARIES** (CONTINUED)

Disposal of subsidiary and discontinued operation (Continued)

The impact of the discontinued operation and liquidation or disposal is as follows:

	2014 $
Net cash used in operating activities	(715,090)
Net cash used in investing activities	–
Net cash from financing activities	600,000
Net change in cash and cash equivalents	(115,090)

The effects of the discontinued operation and disposal of CG as at the date of disposal were as follows:

	2014 $
Carrying amounts of assets and liabilities disposed	
Plant and equipment	812,080
Other payables	(1,079,714)
Net liabilities disposed	(267,634)
The aggregate cash flows arising from the disposal of CG were:	
Net liabilities disposed (as above)	(267,634)
Reclassification of currency translation reserve	57,874
	(209,760)
Amount due from a subsidiary written off upon disposal	1,738,385
Loss on disposal of a subsidiary	(1,405,166)
Cash proceeds from disposal	123,459

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

5. ASSOCIATE

	Group	
	2015	2014
	$	$
Unquoted equity investment		
Balance at beginning of financial year	**1,584,518**	1,584,518
Share of post-acquisition results	**44,816**	49,803
Impairment loss on investment in an associate	**(979,903)**	(979,903)
Balance at end of financial year	**649,431**	654,418

The particulars of the associate are as follows:

Name of company	Place of incorporation/ registration and principal place of business	Principal activities	Effective equity interest held by the Group	
			2015	2014
			%	%
Held by CP Lifestyle Pte. Ltd.				
Joy Garden Restaurant Pte Ltd*	Singapore	Carry on business as restaurant	**25**	25

* Audited by BDO LLP, Singapore

The investment in Joy Garden Restaurant Pte Ltd is in line with the Group's strategic plan to explore potential opportunities and to seek diversification that allows the Group to grow its earning's base. The Group intends to tap on the strength of Joy Garden to explore related food and beverage businesses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

5. **ASSOCIATE** (CONTINUED)

Movement in impairment loss on investment in an associate was as follows:

	Group	
	2015	**2014**
	$	**$**
Balance at beginning of financial year	**979,903**	–
Allowance made during the financial year	**–**	979,903
Balance at end of financial year	**979,903**	979,903

During the financial year, the Group carried out a review of the investment in an associate having regards for indicators of impairment on investment in an associate based on the existing performance of the associate. The Group recognised an impairment loss of $Nil (2014: $979,903) in the Group's profit or loss subsequent to the assessment performed by the management on the net recoverable amount of the associate during the financial year ended 31 March 2015. The recoverable amount of the investment in 2014 has been determined on the basis of fair value less cost of disposal.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group	
	2015	**2014**
	$	**$**
Current assets	**2,622,801**	2,458,534
Non-current assets	**492,723**	457,747
Current liabilities	**(505,799)**	(298,609)
Non-current liability	**(12,000)**	–
Net assets	**2,597,725**	2,617,672
Share of net assets (25%), representing the carrying amount of the investment	**649,431**	654,418
Revenue	**3,969,363**	3,850,495
(Loss)/Profit for the year	**(19,947)**	199,213

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property $	Plant and machinery $	Office equipment, furniture and fittings $	Air-conditioners $	Motor vehicles $	Renovation $	Total $
Group							
Cost							
Balance at 1 April 2014	2,355,210	9,988,328	832,021	57,955	23,343	61,540	13,318,397
Additions	–	–	19,509	–	–	1,401	20,910
Written off	–	(380)	(9,958)	(950)	–	–	(11,288)
Currency re-alignment	(95,770)	(348,906)	(24,187)	–	(949)	–	(469,812)
Balance at 31 March 2015	**2,259,440**	**9,639,042**	**817,385**	**57,005**	**22,394**	**62,941**	**12,858,207**
Accumulated depreciation							
Balance at 1 April 2014	1,506,091	8,328,782	610,995	16,016	23,343	31,382	10,516,609
Depreciation for the financial year	93,847	411,803	38,796	8,551	–	6,189	559,186
Written off	–	(359)	(7,395)	(950)	–	–	(8,704)
Currency re-alignment	(64,847)	(288,445)	(23,107)	–	(949)	–	(377,348)
Balance at 31 March 2015	**1,535,091**	**8,451,781**	**619,289**	**23,617**	**22,394**	**37,571**	**10,689,743**
Carrying amount							
Balance at 31 March 2015	**724,349**	**1,187,261**	**198,096**	**33,388**	**–**	**25,370**	**2,168,464**
Cost							
Balance at 1 April 2013	2,449,760	10,203,594	959,597	57,955	50,110	2,368,532	16,089,548
Additions	–	216,862	12,202	–	–	10,550	239,614
Disposal of a subsidiary	–	(116,678)	(83,389)	–	–	(2,281,583)	(2,481,650)
Written off	–	–	(35,972)	–	(26,592)	(68,640)	(131,204)
Currency re-alignment	(94,550)	(315,450)	(20,417)	–	(175)	32,681	(397,911)
Balance at 31 March 2014	2,355,210	9,988,328	832,021	57,955	23,343	61,540	13,318,397
Accumulated depreciation and impairment losses							
Balance at 1 April 2013	1,468,711	8,151,923	620,509	7,404	27,749	724,626	11,000,922
Depreciation for the financial year	95,723	443,392	63,356	8,612	1,470	282,407	894,960
Disposal of a subsidiary	–	(34,406)	(41,337)	–	–	(1,593,827)	(1,669,570)
Impairment loss for the financial year	–	–	–	–	–	652,607	652,607
Written off	–	–	(11,364)	–	(5,042)	(30,888)	(47,294)
Currency re-alignment	(58,343)	(232,127)	(20,169)	–	(834)	(3,543)	(315,016)
Balance at 31 March 2014	1,506,091	8,328,782	610,995	16,016	23,343	31,382	10,516,609
Carrying amount							
Balance at 31 March 2014	849,119	1,659,546	221,026	41,939	–	30,158	2,801,788

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 March 2015, the carrying amount of the Group's plant and machinery which was acquired under finance lease agreement was $150,391 (2014: $174,975). Finance lease assets are pledged as securities for the related finance lease payables as set out in Note 19 to the financial statements.

As at the end of the reporting period, the carrying amounts of the Group's property, plant and equipment which have been negatively pledged for the banking facilities as set out in Note 18 to the financial statements were as follows:

	Group	
	2015	**2014**
	$	**$**
Plant and machinery	**–**	21
Office equipment, furniture and fittings	**172,714**	192,716
Air-conditioners	**33,387**	41,938
Renovation	**25,370**	30,158
	231,471	264,833

In the previous financial year, the Group recognised an impairment loss on plant and equipment of $652,607 in the Group's profit or loss upon the disposal of its subsidiary, Cheer Garden Food & Beverage Co., Ltd as referred to in Note 4 to the financial statements.

For the purpose of consolidated statement of cash flows, the Group's additions to plant and equipment were financed as follows:

	2015	**2014**
	$	**$**
Additions to plant and equipment	**20,910**	239,614
Acquired under finance lease arrangements	**–**	(131,569)
Cash payments to acquire plant and equipment	**20,910**	108,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

7. INVESTMENT PROPERTY

	Group	
	2015	**2014**
	$	**$**
At fair value		
Balance at beginning of financial year	**8,000,000**	8,000,000
Change in fair value of investment property	**500,000**	–
Balance at end of financial year	**8,500,000**	8,000,000

The fair value of the Group's investment property as at 31 March 2015 amounted to approximately $8,500,000 (2014: $8,000,000). The Group's investment property as at 31 March 2015 and 2014 were valued by GB Global Pte Ltd, an independent professional valuation firm using the Comparable Sales Approach. Sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as location, area, age, condition, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market, among others. The valuation is based on the assets' highest and best use, which is in line with its actual use. The resulting fair value of investment property is considered level 2 recurring fair value measurements.

As at the end of the reporting period, the carrying amount of the Group's investment property has been negatively pledged for the banking facilities as set out in Note 18 to the financial statements.

As at the end of the reporting period, the Group's investment property was as follows:

Location	Description	Tenure	Approximate site area (sqm) Land	Approximate site area (sqm) Built-up
No. 8 First Lok Yang Road Singapore 629731	Factory building	60 years lease from 1977	6,509	3,578

The following amounts are recognised in the Group's profit or loss:

	Group	
	2015	**2014**
	$	**$**
Rental income from investment property	**594,407**	474,270
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property	**42,926**	56,180

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

8. INTANGIBLE ASSETS

Goodwill of $33,126 arising from the business combination of Qian Xi (ChongQing) Pte. Ltd. was fully impaired in the previous financial year ended 31 March 2012 and subsequently fully written off during the financial year ended 31 March 2014 upon disposal of the main cash-generating unit, Cheer Garden Food & Beverage Co., Ltd, a wholly owned subsidiary of Qian Xi (ChongQing) Pte. Ltd.

9. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2015	**2014**
	$	**$**
Unquoted equity investment, at cost	**97,632**	97,632

The fair value of the Group's and the Company's investment in unquoted equity investment that is carried at cost has not been disclosed because it is not practicable to determine the fair value due to the lack of quoted market prices and the assumptions used in valuation models to value this instrument cannot be reliably measured. The Group and the Company do not intend to dispose this investment in the foreseeable future.

The currency profile of the Group's and the Company's available-for-sale financial asset as at end of the reporting period is New Taiwan dollar.

10. INVENTORIES

	Group	
	2015	**2014**
	$	**$**
Raw materials	**975,702**	1,123,003
Work-in-progress	**398,904**	557,477
Finished goods	**384,881**	256,973
	1,759,487	1,937,453

The cost of inventories recognised as an expense and included in "cost of sales" line item in the Group's profit or loss amounted to $6,544,960 (2014: $6,704,865).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Current				
Trade receivables – third parties	**1,049,198**	1,599,069	**–**	–
Allowance for impairment loss on third parties trade receivables	**–**	(473)	**–**	–
	1,049,198	1,598,596	**–**	–
Non-trade receivables – subsidiaries	**–**	–	**5,530,861**	6,986,569
Allowance for impairment loss on non-trade receivables from subsidiaries	**–**	–	**(4,488,965)**	(5,731,965)
	–	–	**1,041,896**	1,254,604
Loan to a subsidiary	**–**	–	**2,987,744**	–
	1,049,198	1,598,596	**4,029,640**	1,254,604
Non-trade receivables – third parties	**15,279**	1,956	**–**	–
Goods and services tax receivable	**27,142**	55,250	**–**	–
Utilities and rental deposits	**19,422**	21,960	**–**	–
Fixed deposits interest receivables	**1,798**	135	**–**	–
	1,112,839	1,677,897	**4,029,640**	1,254,604
Non-current				
Loan to a subsidiary	**–**	–	**–**	2,637,764
Total trade and other receivables	**1,112,839**	1,677,897	**4,029,640**	3,892,368
Add:				
Cash and cash equivalents (Note 12)	**4,087,413**	4,362,778	**631,860**	945,685
Less:				
Goods and services tax receivable	**(27,142)**	(55,250)	**–**	–
Total loans and receivables	**5,173,110**	5,985,425	**4,661,500**	4,838,053

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 (2014: 30 to 60) days' terms.

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

In the previous financial year, the loan to a subsidiary was unsecured, non-interest bearing and was for a period of five years and repayable on 31 March 2016. The non-interest bearing loan was stated at fair value at inception. The difference between the fair value and the loan amount at inception was recognised in investment in a subsidiary in the Company's separate financial statements. Subsequent to initial recognition, this loan was measured at amortised cost using the effective interest method based on an estimated prevailing market interest rate of 5.25% used for similar loans at the date of inception. The unwinding of the difference was recognised as interest income in the Company's profit or loss over the expected repayment period. The carrying amount of the loan to a subsidiary approximates its fair value.

At the beginning of the financial year, the loan to subsidiary was restructured as an interest-bearing loan with interest rate of 2.25% per annum, it is unsecured and repayable on demand.

As at 31 March 2015, the Group's trade and other receivables of $381,971 (2014: $403,535) have been negatively pledged for the banking facilities of the Group as disclosed in Note 18 to the financial statements.

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

Movements in allowance for impairment loss on third parties trade receivables were as follows:

	Group	
	2015	**2014**
	$	**$**
Balance at beginning of financial year	**473**	492
Amounts written off against allowance	**(453)**	–
Currency re-alignment	**(20)**	(19)
Balance at end of financial year	**–**	473

The Group's write-off of allowance for impairment loss on third parties trade receivables of $453 (2014: $Nil) was recognised subsequent to a debt recovery assessment performed during the financial year.

Movement in allowance for impairment loss on non-trade receivables from subsidiaries was as follows:

	Company	
	2015	**2014**
	$	**$**
Balance at beginning of financial year	**5,731,965**	5,066,965
Allowance made during the financial year	**42,000**	665,000
Amounts written off against allowance	**(1,285,000)**	–
Balance at end of financial year	**4,488,965**	5,731,965

The Company's allowance for impairment loss on non-trade receivables from subsidiaries amounting to $42,000 (2014: $665,000) and write-off of allowance for impairment loss of $1,285,000 (2014: $Nil) were recognised subsequent to a debt recovery assessment performed during the financial year.

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The currency profiles of the Group's and the Company's trade and other receivables as at end of the reporting period are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Singapore dollar	**369,556**	405,743	**4,029,640**	3,892,368
United States dollar	**45,521**	79,894	**–**	–
Ringgit Malaysia	**696,915**	1,192,260	**–**	–
Swiss Franc	**847**	–	**–**	–
	1,112,839	1,677,897	**4,029,640**	3,892,368

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Fixed deposits with banks	**1,180,630**	3,022,824	**–**	–
Cash and bank balances	**2,906,783**	1,339,954	**631,860**	945,685
	4,087,413	4,362,778	**631,860**	945,685

Fixed deposits are placed for a period of between 31-92 (2014: 30) days with the effective interest rates at 0.20% to 0.69% (2014: 0.20%) per annum.

As at 31 March 2015, the Group's cash and cash equivalents of $3,023,269 (2014: $3,106,980) have been negatively pledged for the banking facilities of the Group as disclosed in Note 18 to the financial statements.

The currency profiles of the Group's and the Company's cash and cash equivalents as at end of the reporting period are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Singapore dollar	**3,721,761**	4,134,476	**631,860**	945,685
United States dollar	**47,941**	66,142	**–**	–
Ringgit Malaysia	**317,711**	162,160	**–**	–
	4,087,413	4,362,778	**631,860**	945,685

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

13. SHARE CAPITAL

	Group and Company			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares		**$**	**$**
Issued and fully paid:				
At beginning and end of financial year	**1,229,226,124**	1,229,226,124	**24,764,175**	24,764,175

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

14. FOREIGN CURRENCY TRANSLATION ACCOUNT

The Group

The foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

15. SHARE-BASED PAYMENT RESERVE

The Group and the Company

The share-based payment reserve represents the fair value of the shares transferred by an ex-Director of the Company at the date of transfer to the employees for services provided to the Group.

The share-based payment reserve is non-distributable.

16. DEFERRED TAX LIABILITIES

	Group	
	2015	**2014**
	$	**$**
Balance at beginning of financial year	**169,112**	175,901
Credited to profit or loss	**(82,158)**	–
Currency re-alignment	**(3,721)**	(6,789)
Balance at end of financial year	**83,233**	169,112

Deferred tax liabilities arise from a subsidiary which are attributable to temporary differences between the tax written down values and the carrying amounts of the Group's property, plant and equipment computed at statutory income tax rate in which the subsidiary operates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Trade payables – third parties	**339,259**	797,005	**–**	–
Non-trade payables – third parties	**81,750**	83,351	**23,730**	16,456
Rental deposits	**79,099**	79,099	**–**	–
Accrued expenses	**352,108**	367,444	**121,042**	108,680
	852,216	1,326,899	**144,772**	125,136

Trade payables are unsecured, non-interest bearing and normally settled between 30 to 90 (2014: 30 to 90) days' terms.

The currency profiles of the Group's and the Company's trade and other payables as at end of the reporting period are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Singapore dollar	**473,967**	677,445	**144,772**	125,136
United States dollar	**121,435**	321,838	**–**	–
Ringgit Malaysia	**256,814**	327,616	**–**	–
	852,216	1,326,899	**144,772**	125,136

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

18. BANK BORROWINGS

	Group	
	2015	2014
	$	$
Unsecured		
Trust receipts	**639,542**	756,798

	Group	
	2015	2014
	%	%
Effective interest rates per annum		
Trust receipts	**1.48 – 5.25**	1.48 – 5.25

Bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Trust receipts have maturities of between 85 to 110 (2014: 60 to 112) days.

As at the end of the reporting period, the Group had been granted and utilised banking facilities as follows:

	Group	
	2015	2014
	$	$
Facilities granted	**6,972,440**	6,872,710
Facilities utilised	**800,210**	905,194

As at 31 March 2015, the banking facilities amounting to $11,570,640 (2014: $11,713,510), granted to the Group are supported by way of:

(a) negative pledge over certain assets of a subsidiary; and

(b) corporate guarantees given by the Company and certain subsidiaries.

The currency profile of the Group’s bank borrowings as at end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

19. FINANCE LEASE PAYABLE

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
Group			
2015			
Within one financial year	**29,583**	**(6,186)**	**23,397**
After one financial year but within five financial years	**81,354**	**(7,321)**	**74,033**
	110,937	**(13,507)**	**97,430**
2014			
Within one financial year	30,837	(8,407)	22,430
After one financial year but within five financial years	115,639	(14,079)	101,560
	146,476	(22,486)	123,990

The finance lease term is 5 (2014: 5) years.

The effective interest rate of finance lease arrangement was 7.16% (2014: 7.16%) per annum.

The fair value of the Group's finance lease payable approximate their carrying amount as at the end of the reporting period.

All leases are on fixed payment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance lease are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

The currency profile of the Group's finance lease payable as at the end of the reporting period is Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

20. REVENUE

Revenue represents the invoiced value of goods sold, net of discounts and goods and services tax.

21. OTHER INCOME

	Group	
	2015	**2014**
	$	**$**
Continuing operations		
Change in fair value of investment property	**500,000**	–
Government grants	**33,384**	51,814
Interest income	**8,821**	7,522
Rental income	**594,407**	474,270
Others	**36,974**	6,531
	1,173,586	540,137
Discontinued operation		
Foreign exchange gain, net	**–**	16,729
Other payables written off	**–**	1,254,450
Others	**–**	721
	–	1,271,900
	1,173,586	1,812,037

22. FINANCE COSTS

	Group	
	2015	**2014**
	$	**$**
Continuing operations		
Interest expenses		
– bank overdrafts	**3,908**	5,311
– trust receipts	**13,335**	10,618
– finance lease payable interests	**8,390**	2,450
– others	**6,447**	6,086
	32,080	24,465

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

23. LOSS BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2015	**2014**
	$	**$**
Continuing operations		
Cost of sales		
Depreciation of property, plant and equipment	**512,096**	545,681
Repair and maintenance	**129,134**	162,705
Utilities expenses	**51,232**	50,240
Employee benefits expense		
– salaries, bonus and other benefits	**1,221,449**	1,187,575
– defined contribution plans	**86,241**	79,671
Selling and distribution costs		
Freight and handling	**27,898**	10,789
Sales commission	**63,160**	57,795
Administrative expenses		
Audit fees		
– auditors of the Company	**58,600**	52,485
– other auditors	**7,223**	7,465
Non-audit fees		
– auditors of the Company	**8,750**	9,186
– other auditors	**2,111**	2,161
Depreciation of property, plant and equipment	**47,090**	55,606
Directors' fee	**130,000**	130,000
Operating lease expenses		
– rental of land	**204,787**	204,621
– rental of office equipment	**12,456**	12,457
Plant and equipment written off	**2,584**	83,910
Professional fees	**122,162**	136,023
Employee benefits expense*		
– salaries, bonus and other benefits	**754,092**	920,024
– defined contribution plans	**48,884**	56,475
Other expenses		
Impairment loss on investment in an associate	**–**	979,903
Foreign exchange loss, net	**230,155**	161,689

* Employee benefits expenses include the amounts shown as Directors' remuneration in Note 29 to the financial statements.

23. LOSS BEFORE INCOME TAX (CONTINUED)

	Group	
	2015	**2014**
	$	**$**
Discontinued operation		
Cost of sales		
Utilities expenses	–	180,529
Selling and distribution costs		
Freight and handling	–	4,515
Administrative expenses		
Depreciation of property, plant and equipment	–	293,673
Plant and equipment written off	–	21,550
Other expenses		
Loss on disposal of a subsidiary	–	1,405,166
Allowance for impairment loss on plant and equipment	–	652,607
Employee benefits expense		
– salaries, bonus and other benefits	–	665,453

The employee benefits expense include the remuneration of Directors and other key management personnel as shown in Note 29 to the financial statements.

24. INCOME TAX EXPENSE

	Group	
	2015	**2014**
	$	**$**
Continuing operations		
Current income tax		
– current financial year	–	25
– under provision in prior financial years	–	22
	–	47
Deferred tax		
– current financial year	**(61,854)**	–
– over recognition of deferred tax liabilities in prior years	**(20,304)**	–
	(82,158)	–
Total income tax expense in consolidated income statement	**(82,158)**	47

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

24. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective income tax rate

	Group	
	2015	**2014**
	$	**$**
Loss before income tax from		
– continuing operations	**(516,360)**	(2,173,785)
– discontinued operation	**–**	(2,042,411)
	(516,360)	(4,216,196)
Less: Share of results of associate, net of tax (Note 5)	**4,987**	(49,803)
	(511,373)	(4,265,999)
Income tax calculated at Singapore's statutory tax rate of 17%	**(86,933)**	(725,220)
Tax effect of income not subject to income tax	**(61,476)**	(58,057)
Tax effect of non-deductible expenses for income tax purposes	**123,858**	680,251
Deferred tax assets not recognised	**61,439**	107,134
Utilisation of deferred tax assets not recognised previously	**(51,056)**	–
Over provision of deferred tax in prior years	**(20,304)**	–
Under provision of income tax in prior years	**–**	22
Effect of different tax rate of overseas operations	**(53,362)**	(50,444)
Others	**5,676**	46,361
	(82,158)	47
Unrecognised deferred tax assets		
Balance at beginning of financial year	**1,625,268**	1,552,447
Amount not recognised in profit or loss	**61,439**	107,134
Utilisation of deferred tax assets not recognised previously	**(51,056)**	–
Currency re-alignment	**(2,157)**	(34,313)
Balance at end of financial year	**1,633,494**	1,625,268

Unrecognised deferred tax assets are attributable to:

	Group	
	2015	**2014**
	$	**$**
Accelerated tax depreciation	**(1,913)**	(6,995)
Fair value adjustment	**(820,512)**	(735,512)
Unabsorbed tax losses	**1,846,524**	1,735,077
Unutilised capital allowances	**552,184**	582,888
Others	**57,211**	49,810
	1,633,494	1,625,268

NOTES TO THE FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE (CONTINUED)

As at 31 March 2015, the Group has unabsorbed tax losses and unutilised capital allowances of approximately $10,150,000 (2014: $9,474,000) and $2,209,000 (2014: $2,508,000) available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.21 to the financial statements.

25. LOSS PER SHARE

The calculations for loss per share are based on:

	Group	
	2015	**2014**
Loss after income tax from continuing operations attributable to owners of the parent ($)	**(434,202)**	(1,803,608)
Loss after income tax from discontinued operations attributable to owner of the parents ($)	**(1,253,156)**	(1,283,121)
Actual number of ordinary shares during the financial year applicable to basic (loss)/earnings per share	**1,229,226,124**	1,229,226,124
Continuing operations		
– Basic loss per share	**(0.04) cents**	(0.15) cents
– Diluted loss per share	**(0.04) cents**	(0.15) cents
Discontinued operation		
– Basic loss per share	**(0.10) cents**	(0.10) cents
– Diluted loss per share	**(0.10) cents**	(0.10) cents

Basic loss per share is calculated by dividing the Group's loss after income tax attributable to owners of the parent by the actual number of ordinary shares during the financial year. As the Group has no dilutive potential ordinary shares, the diluted loss per share is equivalent to basic loss per share for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

26. COMMITMENTS

Operating lease commitments

The Group as a lessor

The Group leased out office spaces under non-cancellable operating leases. The leases are contracted for an average of 2 (2014: 2) years.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	Group	
	2015	**2014**
	$	**$**
Within one financial year	**600,825**	520,315
After one financial year but within five financial years	**381,372**	412,929
	982,197	933,244

The Group as a lessee

As at the end of the reporting period, there were operating lease commitments for equipment and land rental payable in subsequent accounting periods as follows:

	Group	
	2015	**2014**
	$	**$**
Within one financial year	**207,625**	205,928
After one financial year but within five financial years	**727,372**	737,793
After five financial years	**3,112,919**	3,290,814
	4,047,916	4,234,535

The above operating lease commitments are based on existing rental rates. The lease agreements provide for periodic revision of such rates in the future.

27. CONTINGENT LIABILITIES

The Company had given corporate guarantees to certain banks in respect of banking facilities granted to certain subsidiaries. These guarantees are financial guarantee contract as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. As at 31 March 2015, the total banking facilities granted to certain subsidiaries amounted to approximately $6,972,440 (2014: $6,872,710) and the amount utilised by certain subsidiaries amounted to approximately $800,210 (2014: $905,194). There has been no default or non-repayment since the utilisation of the banking facilities. These financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

28. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group has two reportable segments namely:

(i) Printed circuit boards business; and
(ii) Food and beverage business.

The printed circuit boards business segment relates to the manufacture and sale of printed circuit boards and advance interconnect substrates.

The food and beverage business segment relates to the operating of restaurants.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of respective entities within the Group.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

28. SEGMENT INFORMATION (CONTINUED)

Business segment

2015	Printed circuit boards (Continuing operations)	Food and beverage (Continuing operations)	Unallocated	Total
	$	$	$	$
Revenue				
External revenue	6,989,360	–	–	6,989,360
Results				
Segment results	73,229	–	(561,343)	(488,114)
Interest income	8,014	–	807	8,821
Finance costs	(31,635)	–	(445)	(32,080)
Share of results of associate,net of tax	–	(4,987)	–	(4,987)
Loss before income tax	49,608	(4,987)	(560,981)	(516,360)
Income tax expense	82,158	–	–	82,158
Loss after income tax	131,766	(4,987)	(560,981)	(434,202)
Non-cash items				
Depreciation of property, plant and equipment	(559,186)	–	–	(559,186)
Changes in fair value of investment property	500,000	–	–	500,000
Plant and equipment written off	(2,584)	–	–	(2,584)
Capital expenditure				
Property, plant and equipment	20,910	–	–	20,910
Assets and liabilities				
Segment assets	16,962,455	–	1,465,129	18,427,584
Total assets	16,962,455	–	1,465,129	18,427,584
Segment liabilities	1,434,908	–	154,280	1,589,188
Deferred tax liabilities	83,233	–	–	83,233
Current income tax payable	22	–	–	22
Total liabilities	1,518,163	–	154,280	1,672,443

28. SEGMENT INFORMATION (CONTINUED)

Business segment (Continued)

2014	Food and beverage (Discontinued operation)	Printed circuit boards (Continuing operations)	Food and beverage (Continuing operations)	Unallocated	Total
	$	$	$	$	$
Revenue					
External revenue	1,005,021	7,241,975	–	–	8,246,996
Results					
Segment results	(3,355,906)	(512,610)	–	(380,700)	(4,249,216)
Interest income	160	6,302	–	1,220	7,682
Finance costs	–	(24,465)	–	–	(24,465)
Share of results of associate, net of tax	–	–	49,803	–	49,803
Loss before income tax	(3,355,746)	(530,773)	49,803	(379,480)	(4,216,196)
Income tax expense	–	(47)	–	–	(47)
Loss after income tax	(3,355,746)	(530,820)	49,803	(379,480)	(4,216,243)
Non-cash items					
Depreciation of property, plant and equipment	(303,121)	(591,839)	–	–	(894,960)
Loss on disposal of a subsidiary	(1,405,166)	–	–	–	(1,405,166)
Impairment loss on plant and equipment	(652,607)	–	–	–	(652,607)
Impairment loss on investment in an associate	–	–	(979,903)	–	(979,903)
Plant and equipment written off	(83,910)	–	–	–	(83,910)
Capital expenditure					
Property, plant and equipment	–	239,614	–	–	239,614
Assets and liabilities					
Segment assets	–	17,767,572	654,418	1,162,616	19,584,606
Total assets	–	17,767,572	654,418	1,162,616	19,584,606
Segment liabilities	–	2,054,762	–	152,925	2,207,687
Deferred tax liabilities	–	169,112	–	–	169,112
Current income tax payable	–	22	–	–	22
Total liabilities	–	2,223,896	–	152,925	2,376,821

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

28. SEGMENT INFORMATION (CONTINUED)

Geographic information

Revenue is based on the country in which the external customer is located. Non-current assets comprise primarily of investment in associate, property, plant and equipment, investment property and intangible assets. Non-current assets are shown by the geographical area in which the assets are located.

	Europe	Malaysia	Japan	Singapore	Indonesia	United States of America	Total
	$	$	$	$	$	$	$
2015							
Continuing operations							
Total revenue from external customers	**3,907,736**	**1,562,173**	**1,270,873**	**185,772**	**49,899**	**12,907**	**6,989,360**
Non-current assets	**–**	**2,149,640**	**–**	**9,168,255**	**–**	**–**	**11,317,895**

	China	Europe	Malaysia	Japan	Singapore	United States of America	Total
	$	$	$	$	$	$	$
2014							
Continuing operations							
Total revenue from external customers	–	3,971,971	1,693,036	1,417,507	153,146	6,315	7,241,975
Non-current assets	–	–	2,820,063	–	8,636,143	–	11,456,206
Discontinued operation							
Total revenue from external customers	1,005,021	–	–	–	–	–	1,005,021
Non-current assets	–	–	–	–	–	–	–

Major customers

The revenues from five (2014: seven) customers of the Group's printed circuit boards segment represent approximately $6,017,000 (2014: $6,136,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint venture of the same third party.

(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, in addition to the information disclosed elsewhere in these financial statements, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2015	**2014**
	$	**$**
Related parties		
Rental income	**87,119**	79,095
Settlement of liabilities on behalf of	**19,155**	11,171
Settlement of liabilities on behalf by	**–**	1,371

Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the financial year were as follows:

	Group	
	2015	**2014**
	$	**$**
Short-term employee benefits	**473,829**	510,992
Post-employment benefits	**38,664**	37,840
	512,493	548,832

These include the following Directors' remuneration:

	Group	
	2015	**2014**
	$	**$**
Directors of the Company	**331,678**	328,845
Directors of subsidiaries	**78,826**	118,798
	410,504	447,643

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose it to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets in the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risk is managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

30.1 Credit risks

Credit risks refer to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group has significant credit exposure arising from the trade amounts due from 5 (2014: 5) third party customers amounting to approximately $904,306 (2014: $1,337,005) as at 31 March 2015. The Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $4,029,640 (2014: $3,892,368).

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's maximum exposure to credit risks.

The Group's major classes of financial assets are cash and cash equivalents and trade receivables. The Company's major classes of financial assets are cash and cash equivalents and non-trade amounts due from subsidiaries.

Cash and cash equivalents are mainly deposits with reputable banks with minimum risk of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.1 Credit risks (Continued)

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. The Group's historical experience in the collection of receivables falls within the credit terms granted.

The age analysis of trade receivables as at the end of the reporting period that are past due but not impaired is as follows:

	Group	
	2015	2014
	$	$
Past due less than 3 months	**481,512**	295,261
Past due 3 months to 6 months	–	2,801

Corporate guarantees given by the Company to the banks in connection with banking facilities granted to subsidiaries are disclosed in Note 27 to the financial statements.

30.2 Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk mainly from United States dollar transactions. At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of entities within the Group are as follows:

	Group			
	Assets		Liabilities	
	2015	2014	2015	2014
	$	$	$	$
United States dollar	**93,462**	146,030	**121,435**	321,838

The Company has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.2 Market risks (Continued)

*Foreign currency se*nsitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of entities within the Group. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar, are included in the analysis. Consequentially, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

	Profit or loss	
Group	**2015**	**2014**
	$	**$**
United States dollar		
Strengthens against Singapore dollar	**(1,399)**	(8,790)
Weakens against Singapore dollar	**1,399**	8,790

Interest rate risks

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing bank borrowings as shown in Note 18 to the financial statements. The Company's exposure to market risks for changes in interest rates relates primarily to interest-bearing loan to a subsidiary as shown in Note 11 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses from time deposit and interest-bearing bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

As at the end of the reporting period, the Group does not have significant exposure to changes in interest rate and therefore, no interest rate sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

Contract maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Within one financial year $	After one financial year but within five financial years $	After five financial years $	Total $
Group				
2015				
Financial liabilities				
Trade and other payables	**852,216**	**–**	**–**	**852,216**
Bank borrowings	**644,038**	**–**	**–**	**644,038**
Finance lease payables	**29,583**	**81,354**	**–**	**110,937**
	1,525,837	**81,354**	**–**	**1,607,191**
2014				
Financial liabilities				
Trade and other payables	1,326,899	–	–	1,326,899
Bank borrowings	760,305	–	–	760,305
Finance lease payables	30,837	115,639	–	146,476
	2,118,041	115,639	–	2,233,680

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.3 Liquidity risks (Continued)

Contract maturity analysis (Continued)

	Within one financial year $	After one financial year but within five financial years $	After five financial years $	Total $
Company				
2015				
Financial liabilities				
Trade and other payables	**144,772**	**–**	**–**	**144,772**
Financial guarantees issued	**800,210**	**–**	**–**	**800,210**
	944,982	**–**	**–**	**944,982**
2014				
Financial liabilities				
Trade and other payables	125,136	–	–	125,136
Financial guarantees issued	905,194	–	–	905,194
	1,030,330	–	–	1,030,330

The Group's operations are financed mainly through equity and bank borrowings. The Company's operations are financed mainly through equity. Adequate lines of credit are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the Group's bank borrowings and finance lease payables are disclosed in Notes 18 and 19 respectively to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder's value.

The management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remain unchanged from 2014.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2015 and 2014. The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015 and 2014.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. The Group and the Company include within net debt, trade and other payables, bank borrowings and finance lease payable less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratio is not disclosed as it is not meaningful because the cash and cash equivalents are higher than all of the liabilities.

30.5 Fair value of financial assets and financial liabilities

Fair value hierarchy

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

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

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.5 Fair value of financial assets and financial liabilities (Continued)

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the Group's and the Company's current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Fair value information has not been disclosed for the Group's unquoted available-for-sale financial asset that are carried at cost because their fair value cannot be determined reliably (Note 9). The Group has no plans to dispose off this unquoted financial asset in the foreseeable future.

The fair value of the Group's non-current financial liability in relation to finance lease payable is disclosed in Note 19 to the financial statements.

Asset carried at fair value

Asset carried at fair value classified by level of fair value is as follow:

		Fair value measurements using:			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		$	**$**	**$**	**$**
Group					
2015					
Assets					
Investment property	7	**–**	**8,500,000**	**–**	**8,500,000**
2014					
Assets					
Investment property	7	–	8,000,000	–	8,000,000

There was no transfer between levels during the financial year.

Level 2 fair value of the Group's leasehold property has been generally derived using the Comparable Sales Approach. Sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as location, area, age, condition, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market, among others. The valuation is based on the assets' highest and best use, which is in line with its actual use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

30.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Financial assets				
Loans and receivables	**5,173,110**	5,985,425	**4,661,501**	4,838,053
Available-for-sale-financial asset	**97,632**	97,632	**97,632**	97,632
	5,270,742	6,083,057	**4,759,133**	4,935,685
Financial liabilities				
Other financial liabilities, at amortised cost	**1,589,188**	2,207,687	**144,772**	125,136

STATISTICS OF SHAREHOLDINGS

AS AT 22 JUNE 2015

Issued and fully paid up share capital	:	S$24,764,175
Number of shares	:	1,229,226,124
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share
Number of treasury shares	:	Nil

Based on the information available to the Company as at 22 June 2015, approximately 67.78% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	34	0.88	605	0.00
100 – 1,000	162	4.21	85,236	0.01
1,001 – 10,000	1,115	28.95	5,564,634	0.45
10,001 – 1,000,000	2,440	63.36	316,841,409	25.78
1,000,001 and above	100	2.60	906,734,240	73.76
	3,851	**100.00**	**1,229,226,124**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares	%
1.	CHOO TUNG KHENG	170,012,315	13.83
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	77,000,000	6.26
3.	KGI FRASER SECURITIES PTE. LTD.	70,059,000	5.70
4.	POH CHONG PENG	60,000,000	4.88
5.	HONG LEONG FINANCE NOMINEES PTE LTD	50,158,250	4.08
6.	OCBC SECURITIES PRIVATE LIMITED	37,745,654	3.07
7.	TEO GIM TONG	24,702,400	2.01
8.	UOB KAY HIAN PRIVATE LIMITED	24,283,600	1.98
9.	GAN HAN NEO	21,820,000	1.78
10.	LIM KAH HIN	20,000,000	1.63
11.	TAN CHIN WAH	20,000,000	1.63
12.	LIM EE CHUAN	17,125,000	1.39
13.	PHILLIP SECURITIES PTE LTD	16,750,500	1.36
14.	ONG POH CHOO	15,000,000	1.22
15.	YEO TIONG BOON	11,000,000	0.89
16.	ONG KIAN SOON	10,534,000	0.86
17.	TAN KOCK HENG	10,000,000	0.81
18.	TAN SOO CHONG	10,000,000	0.81
19.	DBS NOMINEES (PRIVATE) LIMITED	9,916,791	0.81
20.	CHANDRA JUANA OR GO TO JEN	8,380,000	0.68
	TOTAL:	**684,487,510**	**55.68**

STATISTICS OF SHAREHOLDINGS

AS AT 22 JUNE 2015

Substantial Shareholders' Information as at 22 June 2015

	Direct interest		Deemed interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Choo Tung Kheng	170,012,315	13.83	77,001,200[1]	6.26
Foo Tiang Ann	–	0.00	125,783,077[2]	10.23

Notes:

1. Mdm Choo Tung Kheng ("Mdm Choo") is deemed to be interested in the 1,200 shares held by her spouse, the late Mr Tan Ming and the 77,000,000 shares held by Citibank Nominees Singapore Pte Ltd for the account of Sea Treasures Ltd, a Cayman Islands incorporated company, owned by Mdm Choo.
2. Mr Foo Tiang Ann is deemed to be interested in the 70,000,000 shares held by KGI Fraser Securities Pte. Ltd., the 50,000,000 shares held by Hong Leong Finance Nominees Pte Ltd and the 5,783,077 shares held by Maybank Nominees (Singapore) Private Limited.

NOTICE OF ANNUAL GENERAL MEETING

CPH LTD. (Company Registration No. 199804583E) (the "**Company**") (Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CPH Ltd. (the "**Company**") will be held at 8 First Lok Yang Road, Singapore 629731 on Thursday, 30 July 2015 at 9.30 a.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2015 together with the Reports of the Directors and Auditor thereon. (Resolution 1)
2. To re-elect Mr Ong Seng Gee who is retiring pursuant to Article 89 of the Company's Articles of Association, as Director of the Company. (Resolution 2)
   [See Explanatory Note (i)]
3. To re-elect Mr Tito Shane Isaac who is retiring pursuant to Article 89 of the Company's Articles of Association, as Director of the Company. (Resolution 3)
   [See Explanatory Note (ii)]
4. To re-appoint Mr Lee Seng Chan who will retire and seek for re-appointment pursuant to Section 153(6) of the Companies Act, Cap. 50 of Singapore. (Resolution 4)
5. To approve the payment of Directors' fees of S$76,000 for the financial year ended 31 March 2015. (FY2014: S$76,000). (Resolution 5)
6. To re-appoint BDO LLP as Auditor of the Company and authorise the Directors to fix their remuneration. (Resolution 6)
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8 **Authority to issue shares** (Resolution 7)

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

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

NOTICE OF ANNUAL GENERAL MEETING

CPH LTD. (Company Registration No. 199804583E) (the "**Company**") (Incorporated in the Republic of Singapore)

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

(1) the aggregate number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares) (calculated in accordance with sub-paragraph (2) below), or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) (calculated in accordance with sub-paragraph (2) below) or such other limited as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

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

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

(ii) new Shares arising from exercising share options or vesting of share awards which are outstanding and/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 Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Articles of Association for the time being of the Company; and

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

BY ORDER OF THE BOARD

Ong Kian Soon
Company Secretary

Singapore
15 July 2015

NOTICE OF ANNUAL GENERAL MEETING

CPH LTD. (Company Registration No. 199804583E) (the "**Company**") (Incorporated in the Republic of Singapore)

Explanatory Note:

(i) Mr Ong Seng Gee, upon re-election as a Director of the Company, will remain as the member of the Audit Committee, Remuneration Committee and Nominating Committee. He is considered non-independent for purposes of Rule 704(7) of the Catalist Rules.

(ii) Mr Tito Shane Isaac, upon re-election as a Director of the Company, will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and is considered as an Independent Director of the Company.

(iii) Ordinary Resolution 7, if passed, will empower the Directors from the date of the AGM until the date of the next annual general meeting, to allot and issue Shares and/or convertible securities up to an amount not exceeding one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) of the Company, of which up to fifty per cent (50%) of the issued Shares (excluding treasury shares), may be issued other than on a pro rata basis to shareholders. This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

Notes:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and where there are two proxies, the number of shares to be represented by each proxy must be stated.

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

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 8 First Lok Yang Road, Singapore 629731 not less than forty-eight (48) hours before the time for holding the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CPH LTD.

(Company Registration No. 199804583E)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy shares of CPH Ltd., this Annual Report 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominee.

I/We, ________________ (Name), NRIC/Passport No./Company Registration No. ________________

of ________________________________ (Address)
being a member/members of CPH LTD. (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

or failing him/her, the Chairman of the Annual General Meeting of the Company ("AGM") to be held on Thursday, 30 July 2015 at 9.30 a.m. at 8 First Lok Yang Road, Singapore 629731, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary to demand a poll, at the AGM and at any adjournment thereof. I/We direct my/our proxy/proxies to vote on the business put before the AGM as indicated below. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM.

Please indicate your vote "For" or "Against" with a "X" within the box provided for voting on a show of hands.

Please indicate the number of shares you wish to use "For" or "Against" for voting in the event of a poll.

No.	Resolutions	To be used on a show of hands		To be used in the event of a poll	
		FOR	AGAINST	Number of Votes FOR	Number of Votes AGAINST
	As Ordinary Business				
1	Adoption of Audited Financial Statements for the financial year ended 31 March 2015 together with Directors' Report and Auditor's Report				
2	Re-election of Mr Ong Seng Gee as Director of the Company				
3	Re-election of Mr Tito Shane Isaac as Director of the Company				
4	Re-appointment of Mr Lee Seng Chan as Director of the Company				
5	Approval of Directors' Fees for the financial year ended 31 March 2015				
6	Re-appointment of Messrs BDO LLP as Auditor of the Company and fixing their remuneration				
	As Special Business				
7	Authority to allot and issue shares in the capital of the Company				

Dated this ______ day of ______________ 2015

Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

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

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy, failing which, the nomination shall be deemed to be alternative.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 8 First Lok Yang Road, Singapore 629731 not less than forty-eight (48) hours before the time appointed for the AGM.

5. 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 either under its common seal or under the hand of its attorney or a duly authorised officer.

6. A corporation which is a member may authorise by resolution of its directors or other governing body a representative(s) in accordance with its Articles of Association and Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 July 2015.