COURTS

YOUR HOME AND LIFESTYLE DESTINATION

ANNUAL REPORT 2015

CORPORATE PROFILE

Listed on the Mainboard of the Singapore Exchange in October 2012, Courts Asia Limited ("Courts" and together with its subsidiaries, "the Group") is a leading electrical, IT and furniture retailer in Southeast Asia that offers superior value and experience to its customers.

With its roots as a furniture retailer from the United Kingdom, Courts was established in Singapore and Malaysia in 1974 and 1987 respectively, and recently entered Indonesia in 2014. Today, Courts operates more than 80 stores in multiple store formats spanning over 1.6 million square feet of retail space. This includes the first Megastore that was pioneered in Tampines, Singapore in 2006 as part of the Economic Development Board's 'Warehouse Retail Scheme' to convert industrial land for commercial use.

In Malaysia, the Group opened its first Megastore in Sri Damansara, Selangor, in July 2013, followed closely by its second one in Subang Jaya, Selangor in January 2014. The Group's expansion into Indonesia was spearheaded by the opening of its biggest ever Megastore in Kota Harapan Indah, Bekasi, located in East of Jakarta, that opened in October 2014. A second Megastore in Indonesia is slated to open in BSD City, Southwest of Jakarta, by December 2015.

Courts has pioneered innovative retail concepts, which include Ultimate Screens, Cool Zone Plus, YourBedding and Courts Connect.

Recognised as a retailer who offers affordable and competitive prices across its product range, Courts also offers in-house credit facilities, which allow customers the flexibility of paying for their own purchases through affordable installments. With this unique business model, the Group is able to derive additional income streams and maintain a competitive edge.

In addition, Courts manages a customer base, with more than 1.4 million members through its 'HomeClub' loyalty programme.

In 2012, Courts started its e-store and is amongst Singapore's top multi-channel retailers, growing from 7,000 stock keeping units ("SKUs") to 14,000 SKUs.

Known for being an active corporate citizen, Courts initiates meaningful and impactful ways to give back to the community, which include helping children, youths and families in need, as well as supporting football locally.

More information can be found on **www.courts.com.sg**.

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The corporate information is on the inner back cover

VISION

To be a market leading retailer offering customers superior value and experience by providing affordable home and technology solutions

MISSION

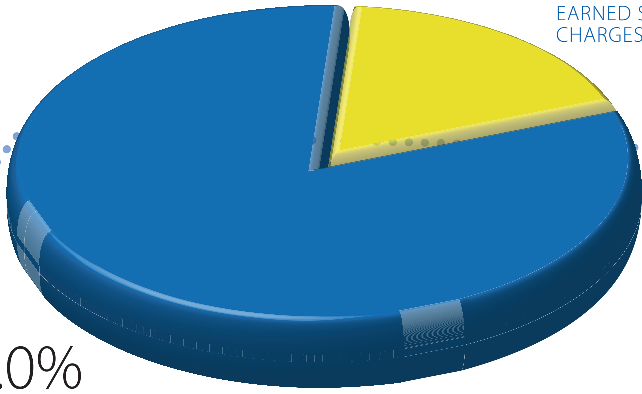
We make aspirational home products easily affordable

CORE VALUES

- Employees First
- Customer Focus
- Innovate to Grow

KEY FACTS AT A GLANCE

OVERVIEW OF SALES FOR FY MARCH 2015



BREAKDOWN OF SALE OF GOODS IN FY MARCH 2015 COMPARED TO FY MARCH 2014

ELECTRICAL PRODUCTS

- Major White Goods
- Vision
- Small Appliances
- Audio

47.0% FY 2015

43.2% FY 2014

IT PRODUCTS

- Computers
- Accessories
- Photography
- Mobile

29.1% FY 2015

34.7% FY 2014

FURNITURE

- Mattresses
- Bedroom furniture
- Dining room furniture
- Living room furniture
- Home office product

19.2% FY 2015

17.5% FY 2014

SERVICES & OTHERS

- Warranty sales
- Other services
  – Product replacement services
- Connect – telecommunications subscription plans

4.7% FY 2015

4.6% FY 2014

STORE PORTFOLIO*

81 STORES WITH MORE THAN

1.6 MILLION SQ. FT. OF RETAIL SPACE

SINGAPORE
- Number of stores: 15
- Retail space: 462,733 sq. ft.

MALAYSIA
- Number of stores: 63
- Retail space: 1,015,204 sq. ft.

INDONESIA
- Number of stores: 3
- Retail space: 192,445 sq. ft.

4 DIFFERENT STORE FORMATS TO CATER TO DIFFERENT CUSTOMER NEEDS AND LOCATIONS

MEGASTORE

Retail area: more than 60,000 sq. ft.
Singapore (1) Malaysia (2) Indonesia (1)

SUPERSTORE

Retail area: 12,000 – 60,000 sq. ft.
Singapore (11) Malaysia (32) Indonesia (2)

DEPARTMENTAL STORE

Singapore (1)

SMALL-FORMAT STORE

Retail area: Up to 12,000 sq. ft.
Singapore (2) Malaysia (29)

*As at 6 July 2015

COMPANY HIGHLIGHTS

Given the weak operating environment, we took a cautious approach with store expansion and focused on improving productivity of existing stores, whilst continuing to drive innovation for new products and multi-channel.

Singapore Malaysia Indonesia

APRIL 2014

- Introduced Mr Flexi Man, the new face of Courts Flexi Plans
- Launched a year-long Corporate Social Responsibility (CSR) programme to celebrate Courts' 40th birthday
- Refurbished Courts Selayang, Selangor, Courts Sungai Petani, Kedah and Courts Melaka


Courts Melaka

MAY 2014

- Launched new retail concepts in Singapore – Cool Zone Plus, Ultimate Screens and Photo Bar
- Refurbished Courts Cheras, Selangor, Courts Kluang, Johor and Courts Nilai, Negeri Sembilan

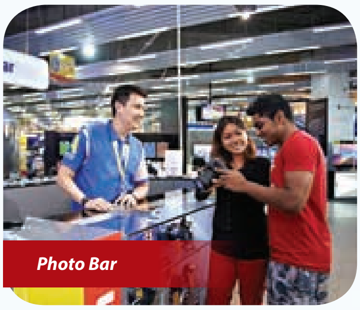


Photo Bar

JUN 2014

- Launched '40 Big Dreams', a CSR initiative to fulfil 40 inspiring dreams
- Opened Courts Kuala Krai, Kelantan
- Relocated to Courts Aeon Bukit Mertajam, Penang
- Refurbished Courts Kajang, Selangor


Courts Aeon Bukit Mertajam, Penang

JUL 2014

- Buka Puasa (Broke Fast) with 40 elderly residents of Jamiyah Home for the Aged
- Opened Courts Inanam Taipan, Sabah
- Contributed RM20,000 worth of household necessities to Keluarga Besar Norlina Alawi, a shelter for children afflicted with HIV/AIDS


Serving dinner to Jamiyah Home for the Aged

AUG-SEP 2014

- Embarked on company-wide cost efficiency initiatives
- Opened Courts Sri Serdang, Selangor
- Refurbished Courts Taiping, Perak

OCT 2014

- Launched refreshed furniture line, YourFurniture, with three new styles – Classic, Urban and Funk
- Awarded The President's Volunteerism & Philanthropy Awards 2014 by the National Volunteer & Philanthropy Centre
- Held Courts Charity Golf Tournament for the 9th year, raising S$151,500 for Jamiyah Home for the Aged
- Opened Courts Kuala Selangor, Selangor
- Refurbished Courts Muar, Johor
- Marked our entry into Indonesia with the opening of Courts Megastore, the largest store in our portfolio, in Bekasi, East of Jakarta


The Urban look from YourFurniture

NOV 2014

- Updated company core values to: Employees First, Customer Focus and Innovate to Grow
- 141 Courts staff received the Excellent Service Award, compared to 110 in 2013
- Blood donation drive for Singapore Red Cross
- Held Courts and O'Connors & Friends Charity Party for the 13th year, raising S$307,000 for Centre for Fathering and Heartware Network
- Relocated to Courts Kipmart Tampoi, Johor
- Refurbished Courts Temerloh, Pahang
- Over 200 youths participated in the Courts and Liverpool Football Academy in Malaysia


Courts Megastore Bekasi

Courts and Liverpool Football Academy

DEC 2014

- Over 200 youths participated in the Courts and Liverpool Football Academy in Singapore
- Refurbished Courts Tesco, Penang

JAN 2015

- Refurbished Courts Jurong Point
- Kicked off a series of hosting international football legends as part of Courts' SG50 celebrations
- Groundbreaking ceremony for Courts Megastore BSD City, our second Megastore in Southeast of Jakarta, slated to open by December 2015

Courts Jurong Point

Groundbreaking ceremony for Courts BSD City

FEB 2015

- Renewed sponsorship of Young Lions in the Singapore League for the fifth consecutive year
- Awarded The BrandLaureate Best Brands Award for excellence in Corporate Branding
- Raised RM44,000 for staff and customers affected by the floods in the east coast

Receiving the prestigious BrandLaureate Best Brands Award

MAR 2015

- Online store grew to 14,000 from 7,000 product offerings within 2 years. Recorded year-on-year growth of 34%
- Launched Rumah Amal Courts with 1Malaysia for Youth (IM4U) to contribute RM200,000 worth of household necessities to 28 charity homes and families

Rumah Amal Courts

Investor Relations Calendar

13 August 2014	Announcement of Q1 FY March 2015 results
14 August 2014	Analysts' briefing for Q1 FY March 2015 results
12 November 2014	Announcement of Q2 FY March 2015 results
13 November 2014	Analysts' briefing of Q2 FY March 2015 results
12 February 2015	Announcement of Q3 FY March 2015 results
13 February 2015	Analysts' briefing of Q3 FY March 2015 results
27 May 2015	Announcement of Q4 FY March 2015 results
28 May 2015	Analysts' briefing of Q4 FY March 2015 results
13 July 2015	Notice of Annual General Meeting ("AGM") 2015
28 July 2015	AGM 2015
5 August 2015	Book Closure Date
19 August 2015	Payment of Final Dividend

CHAIRMAN'S MESSAGE

"We expect to be in a better position in the coming year to push ahead with our regional growth strategy."

Jack Hennessy

Dear Shareholders,

It is my pleasure to present you with our annual report for the financial year ended 31 March 2015 ("FY March 2015").

The overall retail sector this year has softened, given dampened consumer sentiment. Because of the weaker market conditions, Courts Asia had to adapt our growth plans, refocus our efforts to assess the efficiency of our operations and take steps to build a stronger foundation to ride the wave when the upturn in market conditions return.

By fortifying ourselves, we expect to be in a better position in the coming year to push ahead with our regional growth strategy as we further enhance our strong brand name.

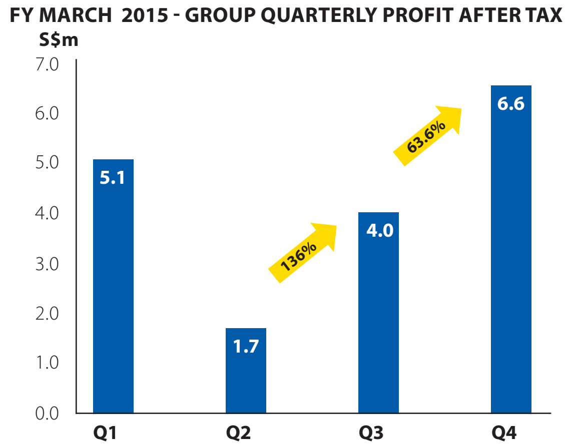
MACRO ENVIRONMENT IN KEY OPERATING MARKETS

In Singapore, the effects of the Total Debt Servicing Ratio ("TDSR") and Additional Buyer's Stamp Duty ("ABSD") measures implemented in June 2013 to cool the property market continue to impact the overall property market. With a softer property landscape, we saw a weaker consumer demand for our sector.

In Malaysia, consumer sentiment remained muted due to rising inflation arising mainly from cuts in government subsidies and regulatory measures aimed at tempering household borrowing and property lending. The weakening Ringgit, coupled with the implementation of the Goods and Services Tax ("GST") were also drag factors.

FINANCIAL RESULTS

In view of the weak operating environment, we recorded sales of S$758.5 million, the first decline in five years, and a net profit of S$17.4 million for the year under review. In spite of the one-time impact of our cost efficiency initiatives, higher exchange loss from Malaysia and loss from our Indonesia operations totalling S$8.5 million, we managed to deliver a stronger set of numbers than what would have been. This is a result of swift action taken to rationalise cost and right-size the business. We saw profitability improve from quarter to quarter, starting from Q2 FY March 2015, despite the full year ending on a lower note compared to the previous financial year.



In Singapore, profit margins improved as a result of cost-efficiency initiatives and margin management measures we took. The Malaysia business also showed signs of improving profitability even though consumer sentiment remained weak.

Our resolve as a Group is to improve the way we manage for better margins as we move into the new financial year. We will stay focused on investing in medium-term growth and managing our operations and costs efficiently.

OUTLOOK AND STRATEGY MOVING FORWARD

While the conditions of the market may not improve in the short term, we are still optimistic about the long-term fundamentals of the markets we operate in.

In Singapore, in spite of a soft retail market, some demand for furniture and other household appliances would remain as homes change hands, coupled with new and completed Housing and Development Board flats being handed over to home owners.

Consumption in Malaysia is expected to stabilise and remain moderate with consumers adapting to the effects of the weakening Ringgit and the uncertainty around GST and its impact on prices.

As for Indonesia, the long-term growth prospects will bode well for our planned expansion and our operations, supported by its burgeoning middle class.

Courts Asia is working hard to position ourselves for these positive fundamentals.

INNOVATIVE CONCEPTS AND INVESTING IN GROWTH IN SINGAPORE

We embarked on growing as a multi-channel retailer in 2013 to provide a seamless shopping experience for our customers and optimise the online-to-offline commerce opportunity. As one of the early movers in the e-commerce space in Singapore, we are reaping sales growth, which in turn is spurring us to invest and grow further in this area.

We continued to expand our product categories and introduced new categories in response to global consumer trends. One of the many fresh concepts we introduced during the year was our rejuvenated furniture line, which is available in three styles, namely, Classic, Funk and Urban.

CONSOLIDATE PRESENCE AND BUILD OUR BRAND IN MALAYSIA

In Malaysia, we adopted a moderate approach to our expansion. Instead of pursuing an aggressive store expansion strategy as planned, we focused on refurbishing and re-launching our existing stores whilst continuing to open new stores selectively.

Early in the new financial year, we announced plans to rejuvenate the brand. Supported by a nationwide brand campaign, we will see 15 stores being refurbished within the year, along with fresh retail concepts as well as a new look for the Courts sales team.

CONTINUED EXPANSION INTO INDONESIAN GROWTH MARKET

In Indonesia, we forged ahead to establish our presence with the opening of our flagship Courts Megastore of 140,000 sq. ft., to much fanfare, in Bekasi, Jakarta.

This was followed by the opening of two other stores in Bogor, South Jakarta and Mega Bekasi HyperMall in May 2015. The fourth store, which will be a Megastore, is in the pipeline and is expected to open by December 2015 in BSD City, in Southwest of Jakarta.

Quietly confident of the long-term growth prospects of Asia, we continue to evaluate suitable opportunities for expansion into new markets in Asia. We believe there are opportunities in countries where there is growing aspiration and gradually rising income level and Courts Asia can play a role in bridging the two.

APPRECIATION AND PROPOSED DIVIDENDS

For coming through this challenging year, I would like to extend my appreciation to my fellow Board members for their invaluable counsel and in creating the vision for the future of the Group together. In particular, I would like to thank Mr Adnan Abdulaziz Ahmad Albahar, who has stepped down from the Company's Board of Directors and the Board of Directors for Courts Singapore Pte Ltd on 30 June 2015, for his time and contribution. I would also take the opportunity to welcome Mr Ibrahim Abdelazim Aboutaleb, who has taken over from Mr Albahar to the Board. As the Deputy CEO at the International Investor Company and partner-in-charge of Investment and Finance, Mr Aboutaleb is well qualified and I look forward to working with him.

My heartfelt appreciation also goes to our business associates, partners, suppliers and customers for their unwavering support.

To our shareholders who continue to believe in us, I would like to express my deepest gratitude. I look to your steadfast support as we move into the new financial year. As a token of our appreciation, we are pleased to propose a final one-tier tax-exempt dividend of 1.29 Singapore cents per share, which represents a payout ratio of approximately 40%. This will be subject to shareholders' approval at the upcoming Annual General Meeting on 28 July 2015.

IN CLOSING

Despite the tough conditions we have this year, I remain optimistic on the long-term fundamentals for Asia, with its rising middle class and growing disposable income. I am confident that our perseverance and hard work will put us on a strong footing to ride the next wave of growth as it comes.

Jack Hennessy
Chairman

CEO'S STATEMENT

"While we worked on right-sizing our costs in accordance to our scale of operation, we continued to invest in growth areas."

Terence Donald O'Connor

Dear Shareholders,

The headwinds of weak consumer sentiment prevailed in the financial year ended March 2015, and necessitated a response from management to fine-tune our business and build a stronger foundation for the future.

During the year, we placed our focus on improving the efficiency and productivity of our operations. We introduced a slew of cost efficiency measures across the business, which included trimming our workforce and outsourcing non-core operations.

While we worked on right-sizing our costs in accordance to our scale of operation, we continued to invest in growth areas. Our expansion into Indonesia went as planned. To date, we have opened a total of three stores in Greater Jakarta. We were also committed towards a multi-channel shopping experience, driven by the positive response we had received from consumers shopping online.

During the year under review, we adopted a cautious approach to expanding and establishing our store network in Malaysia. We opened and relocated a total of six new stores across the country and closed four stores that were unprofitable. Eleven stores were refurbished and relaunched as part of our commitment to keep stores modern and appealing to consumers.

The credit recovery actions undertaken in Malaysia in the previous year continued to yield results for us, with credit continuing to be a key margin contributor to the business.

In Singapore, the dampened consumer sentiment, which resulted from the effects of the TDSR imposed on borrowers as well as a quieter property market due to ABSD, continued well into the year under review. In order to mitigate the soft retail market, we focused on margin enhancing initiatives, which included investing in growth categories and also implementing a minimum margin threshold for bulk sales.

We announced plans to bring in two international brands, ACE Hardware and JYSK, to the market. These offerings will be available in two of our stores in the new financial year and eventually rolled out to more stores across the island. Besides cementing Courts as a home and lifestyle destination, we believe this range of merchandise will also increase space productivity and lift product margins over time.

Given that Singapore is our core market, we will continue to innovate, test new concepts and improve our proposition to customers. Encouraged by the sales growth we have achieved in the year on our online platform, we will invest further to grow this platform.

THE FINANCIAL YEAR IN REVIEW

Due to the challenging retail environment in FY March 2015, we recorded sales of S$758.5 million and a net profit of S$17.4 million.

The lower revenue was due mainly to lower sales in all markets, which was a result of weak consumer sentiment. The lower net profit was mainly attributable to the Group's cost efficiency initiatives, which resulted in a one-time impact of S$2.2 million, higher exchange loss of S$1.3 million from Malaysia and the S$5.0 million loss from Indonesia operations.

Sales from Singapore, which contributed to 66.5% of overall sales, decreased 11.0% in FY March 2015. The lackluster retail environment which led to a decline in sales across all product categories, the reduced bulk sales of digital products and lowered participation in tradeshow days were factors that contributed to the lower sales. However, sales from our online store grew 34.0%, compared to FY March 2014.

We will continue to innovate, test new concepts and improve our proposition to customers

Malaysia's sales, which stood for 32.7% of the Group's sales, decreased 5.8% (in presentation currency) and 4.1% (in RM currency). This was due to the retail market in Malaysia softening and the slowing down of consumer purchases, as consumers were anticipating a possible reduction in prices of household products after the GST came into force in April 2015.

Indonesia has just began operations in October 2014, and with one Megastore and two smaller stores up and running at present, we expect economies of scale to kick in only when the second Megastore in BSD City, Southwest of Jakarta is in operations by December 2015. Sales was 0.8% of the Group's sales for FY March 2015.

In the year under review, gross profit margin increased to 32.8% from 30.9% in the previous year. This was due mainly to the shift in the Group's sales mix towards higher margin electrical and furniture categories. However, the increase in gross profit margin was partially offset by lower service charge income from lower credit sales.

Due to the impact of the cost efficiency measures that we had implemented, our bottom line improved sequentially starting from Q2 FY March 2015. Comparing with Q2 FY March 2015, net profit in Q3 FY March 2015 grew to S$4.0 million from S$1.7 million. Likewise, in Q4 FY March 2015, net profit grew to S$6.6 million compared to the previous quarter.

As at 31 March 2015 the Group's cash and bank balances continued to remain healthy at S$114.2 million, despite payment of dividends, share buyback and fixed asset additions.

ENHANCING MARGINS THROUGH INNOVATIVE RETAIL CONCEPTS

Continual innovation is the key differentiator to our value proposition. It is imperative to continually refresh our concepts and product offerings to meet the needs of discerning customers and, in turn, enhance our margins.

During the year in review, we rejuvenated our furniture line with a 'Struöc' teaser campaign. Along with new sofa and dining sets offered in three styles – Classic, Funk and Urban, an extensive range of home accessories was added to the line to complement the furniture offerings.

Growth categories in electricals also went through a refresh and in some cases, an upsize, to provide a better shopping experience.

At the same time, we continued to invest in our growth as a multi-channel retailer. Our stock keeping units ("SKUs") on our online store, to date, have expanded to 14,000 SKUs. We have been improving our user interface to enhance shopping experience. In the year to come, we will be building our capabilities further by ensuring that our operations, online and offline, as well as front and back end, are better integrated.

To better suit the needs of more customers, we launched a range of different credit schemes across our markets to enable our customers to achieve their aspirations of furnishing their homes.

POSITIVE LONG-TERM FUNDAMENTALS IN OUR OPERATING MARKETS

Despite the weaker consumer sentiment in the last two years, we are still confident of the long term of growth potential of the ASEAN region. Coupled with our strong understanding of mass consumers' sentiments in these markets, we strongly believe that our hard work to position ourselves well will enable

CEO'S STATEMENT

us to capitalise on the trend of rising disposable income arising from the emergence of the middle class.

Singapore, as our core market, continues to hold opportunities for us. With 26,000 new housing units expected to be delivered by the end of 2015, we anticipate this to bode well for us. While the private property market for new homes has softened generally, the trend of increased resale transactions may bring some demand for our products.

In Malaysia, the economy has improved with a 5.6% growth registered in the first quarter of calendar year 2015. This growth was fuelled by more robust private consumption and a surge in private sector industrial activity in March 2015. Whilst pre-GST spending had contributed to the GDP growth, consumers in Malaysia maintained a cautious stance on purchases, due to confusion in the implementation of the tax on the categories of goods. Consumption is expected to stabilise as households adjust to the GST.

In Indonesia, while policy reform to improve the investment climate, after four years of decelerating growth, is expected to spur economic recovery for the next two years, private consumption in the country may be moderate in the short-term.

BUILDING ON FIVE PILLARS OF GROWTH

In the year to come, we will focus on five pillars to drive growth.

- *Innovative Sourcing for World Class Ranges*
  We intend to keep sourcing for new ranges to add to or widen our product offerings whilst continuing to negotiate with our supplier base to ensure price points continue to remain affordable to consumers.

- *Building the Best Retail Experience – On and Offline*
  Store reinvention continues to be a key emphasis. Besides refurbishing existing stores, we have plans to work with a retail designer to create a new store look, complete with new services to complement our product ranges and an enhanced multi-channel experience within the store environment to allow consumers to seamlessly choose from online to offline shopping and vice versa.

  Strengthening our supply chain capabilities and ensuring better stock management planning will be the backbone to the execution as these will ensure that our operations at the front and back end are better integrated and supported.

- *Market Leading Credit Solutions*
  Further to launching a suite of Flexi Plans products this year, we will look into offering a store revolver card in Singapore and explore the possibility of offering Islamic Finance products in Malaysia in the new financial year.

- *Authentic and Aggressive Pricing*
  Given the soft retail sentiment in the markets we operate in, it is even more crucial that our Courts Price Promise can stand up to scrutiny. In this regard, we will step up efforts to ensure that we have products featuring entry price points and advertised lines across ranges are competitive to competition.

- *Building Our Brand*
  Against a backdrop of a weaker consumer spending power due to a variety of factors like the weakening Ringgit, removal of subsidies and rising inflation in Malaysia, consumers have showed that value is a key consideration when it comes to purchases. We felt the time was appropriate to launch a brand refresh to emphasise the affordability message through real-life situations. The new campaign – *Senang Sahaja, Courts Ada* (Living Easy with Courts), launched in the early part of the new financial year, was supported with the appointment of popular Malaysian comedian, Harith Iskander, as our first brand ambassador. We will also be rolling out a complete new look for store refurbishments which will also see the introduction of new retail concepts.

GEOGRAPHICAL EXPANSION

Indonesia

Our planned expansion into Indonesia has progressed well. In October 2014, we opened our flagship Courts Megastore of 140,000 sq. ft. in Bekasi, East of Jakarta. The opening of the Megastore was met with much positive response. We continued as planned and opened two other stores in Bogor, South of Jakarta and Mega Bekasi Hypermall, East of Jakarta in quick succession.

Plans are underway for our second Megastore in Indonesia to open in BSD City, in Southwest of Jakarta, by December 2015.

We expect that when all four stores in Indonesia are operational, we will be able to achieve economies of scale and operational efficiency from the second half of FY March 2016.

Fourth market

In line with our ambition to grow our presence across more markets, the Group is currently in discussion with various parties on different opportunities for entry into a fourth market. With Indonesia operations underway, the management bandwidth is also freed up to explore such opportunities so that we can build the Courts brand across more geographies.

APPRECIATION

At this point, I would like to thank all management and staff who have worked hard alongside me to weather this tough year. They have shown the resilience in facing the challenges that came our way and continue to contribute to the growth of Courts as a leading regional player of electrical, IT and furniture products.

LOOKING AHEAD

Having taken steps to strengthen our foundations, we are confident that we are well poised for our future growth as market conditions improve. We are still optimistic on the long-term fundamentals of consumer trends and our operations, as we stay focused on creating shareholder value and rewarding our loyal investors for years to come.

Terence Donald O'Connor
Group Chief Executive Officer

OPERATIONS REVIEW

Courts Megastore Sri Damansara, Selangor

As we entered a subdued retail environment in FY March 2015, we focused on building on our strengths and investing in growth while continually right-sizing our operations. Earlier in the year, the Group adopted wide-ranging, margin-enhancing and cost efficiency initiatives, where we trimmed the workforce by 10%, reduced the senior management team, transferred additional responsibilities to the remaining team, and outsourced non-core operations. This has put us in a stronger position amid softer consumer sentiment by the end of FY March 2015.

The key highlights of FY March 2015 included:

MALAYSIA: MODERATE APPROACH TO STORE EXPANSION; SIGNS OF IMPROVING PROFITABILITY

Malaysia was a challenging market in this financial year. Consumer sentiment was weak, due to the tightening of household borrowings and the removal of government subsidies in the earlier part of the year. We experienced a muted response from consumers during the Hari Raya period, which was exacerbated by teething problems from our migration to Navision, a new Enterprise Resource Planning (ERP) system and the change in our third-party logistics provider during the same period. Subsequently, the weakening Ringgit, as well as the confusion surrounding the implementation of the GST, led to consumer spending being muted in the second half of the year.

In view of the continued softer retail environment, we adopted a moderate approach to store expansion and focused instead on quality store refurbishments and relaunches. During the year, we opened and relocated six new stores, closed four stores that were unprofitable, and relaunched eleven stores across Malaysia. The affected store locations are as follows:

New Store Openings & Relocations:

- Kuala Krai, Kelantan (June 2014)
- Aeon Bukit Mertajam, Penang (June 2014)
- Inanam Taipan, Sabah (July 2014)
- Sri Serdang, Selangor (August 2014)
- Kuala Selangor, Selangor (October 2014)
- Kipmart Tampoi, Johor (November 2014)

Refurbished Stores:

- Selayang, Selangor (April 2014)
- Sungai Petani, Kedah (April 2014)
- Melaka (April 2014)
- Cheras, Selangor (May 2014)
- Kluang, Johor (May 2014)
- Nilai, Negeri Sembilan (May 2014)
- Kajang, Selangor (June 2014)
- Taiping, Perak (September 2014)
- Muar, Johor (October 2014)
- Temerloh, Pahang (November 2014)
- Tesco, Penang (December 2014)

Refurbishing and refreshing our stores allow us to bring enhanced and exciting shopping experiences to our customers.

Courts Inanam Taipan, Sabah

OPERATIONS REVIEW

Courts Malaysia has launched new initiatives to improve service standards in delivery

Ultimate Screens, a new retail concept with a bigger range of large-screen televisions

The change of Courts Malaysia's third party logistics service provider to Li & Fung in the previous financial year has resulted in better service standards, in addition to positively impacting our cost efficiency efforts. New initiatives included introducing a fleet of specialised delivery trucks for furniture in January 2015 to ensure they are received in good condition by customers. The cross-dock in the Southern region was also relocated from Simpang Renggam to Tampoi to cut down delivery time and improve service levels. E-Pod, an efficiency initiative which equips drivers with smartphones, enhances delivery visibility and is in the process of being rolled out.

To reach out to a wider audience base, we rolled out two new credit products in the financial year – Flexi Zero, an interest-free credit plan and Flexi Smart, a free 12-month credit instalment plan.

SINGAPORE: DRIVING MARGIN-ENHANCING INITIATIVES; OMNI-CHANNEL RETAILING GAINING GROUND

The subdued consumer sentiment in Singapore continued amid softening of the property market as well as a tight labour market, which turned our attention towards improving effectiveness and efficiency of operations. Further to cost efficiency measures, margin-enhancing initiatives for growth categories as well as a furniture relaunch were amongst some of the initiatives undertaken. These included:

Cool Zone Plus

The existing 'Cool Zone' air-conditioner area was upgraded and upsized during the year to 'Cool Zone Plus', giving customers double the range of air-conditioners to choose from. Display areas for 'Cool Zone Plus' were expanded to include space for other cooling products such as air purifiers, dehumidifiers, condensers and fan coils. Along with widening the product range, our staff were given training to improve their service standards and we worked with partners to ensure a better installation experience.

Ultimate Screens

Recognising the increasing demand for bigger screen televisions, we introduced the 'Ultimate Screens' concept. Besides a wider range of large-screen televisions, the area now provides a more conducive shopping experience with clearer point-of-sale material, explaining the latest technology in big screen televisions.

Photo Bar

We changed our focus for our photography offerings with the range of compact camera models downsized to make way for the increase in DSLR cameras, as well as the introduction of new technology action cameras. Dedicated sales staff with specialised product knowledge are now assigned to manage this area.

Rejuvenating Furniture

The new furniture line was unveiled with an engaging teaser campaign titled 'Struöc' (an anagram of 'Courts') in October 2014. The campaign achieved the effect of getting a wide consumer base, particularly new-nesters, and got them to pay attention to the way we displayed and marketed the products. Available in three styles namely, Classic, Funk and Urban, the new line had new sofa and dining sets making up 75% of the selections, whilst the number of home accessories was tripled to offer a wider selection. Tastefully curated with a wide selection of colours, designs and mix-and-match accessories, the new furniture range suits any style – from retro to contemporary, or coloured pieces to muted hues – at affordable and accessible price points.

Courts Connect

To enhance store space productivity, we made the decision to reduce the store space allocated to Courts Connect, downsizing the offerings from three telco operators to one, namely StarHub, as it has the widest product offerings and services.

Courts' new furniture line has a wide selection of colours, designs and mix-and-match accessories

Innovative Credit Solutions

We continually assess the needs of customers and innovate accordingly to create credit schemes that are suitable and appealing to customers. A campaign was launched in April 2014 with a mascot, Mr Flexi Man, to introduce the four core credit products Courts Singapore offers – Flexi Zero, Flexi Lite, Flexi Complete and Flexi Pass.

The new face of Courts Flexi Plans, Mr Flexi Man

Store Update

During the year, we closed our store at Star Vista, and extended the Bukit Timah presence by taking over the premises next door, which was previously occupied by Da Vinci Home. The new retail area spans 33,700 sq. ft., bringing the total retail space at Bukit Timah now to 50,700 sq. ft.

The new and extended Courts Bukit Timah

In January 2015, the store at Jurong Point Shopping Centre was relaunched after its refurbishment.

Multi-channel Retailing

After gaining good traction as we made inroads into growing as a multi-channel retailer, we continue to invest in infrastructure for better capabilities. During the year, digital kiosks were rolled out in stores island-wide to allow seamless integration of various channels to complement the physical store experience.

Courts Singapore's online store saw a sales growth of 34.0% year-on-year in FY March 2015. The store's stock keeping units ("SKUs") grew to 14,000 from 12,800 a year ago. Efforts were made to expand the range of products offered online. At the same time, promotions on special online sale events, such as Singles Day, Black Friday and Cyber Monday, drew traffic and boosted delivered sales for the Group.

Encouraged by the growth, we intend to invest in improving the infrastructure to enhance the shopping experience. Concurrently, more resources will be ploughed into fortifying the Group's supply chain capabilities to better integrate the physical and digital offering.

INDONESIA: CHARTING NEW GROUND; BUILDING BRAND AWARENESS

In October 2014, we successfully launched our first Indonesian Megastore in Bekasi, Kota Harapan Indah, East of Jakarta. Spanning 140,000 sq. ft., the store met with overwhelming response from the public. The queue to enter the store on its first day was in the thousands while the opening weekend crowd that visited the store numbered close to 28,000. The Mayor of Bekasi and various local celebrities were present to grace the opening.

Following in quick succession, our footprint in Indonesia expanded with the opening of two other stores in Mega Bekasi Hypermall, Bekasi, East of Jakarta and Bogor, South of Jakarta.

OPERATIONS REVIEW

These two stores were launched in May 2015 with a total retail space of over 53,000 sq. ft.

The launch of the second Megastore located in BSD City in Southwest of Jakarta is underway and expected to open by December 2015. The building spans 280,000 sq. ft. of which 130,000 sq. ft. is dedicated to retail and subletting. The site is also intended to house the regional distribution centre and support office.

The Group expects a total of at least four stores to be fully operational by December 2015.

The opening queue for Courts Megastore in Bekasi snaked around the building

IMPACTING TALENT

Despite having to adopt cost efficiency measures where a portion of the Group's workforce was trimmed, Courts Asia is committed to attracting and retaining top talent.

During the year, the Group reviewed and updated its core values. As an organisation whose success relies on good talent, we imbue three core values: Employees First, Customer Focus, and Innovate to Grow, in order of priority. The Group strongly believes that happy employees will result in excellent service rendered to customers.

Our unwavering commitment to good customer service continues to stand as we moved into the second year of our Smiles Score programme. The simple yet powerful customer loyalty tool is used to track our relationship with shoppers by asking them how likely they are to recommend shopping at Courts to their friends and families. This feedback mechanism

The Group believes that happy employees will result in excellent service rendered to customers

is a good channel for us to gain better insights into our performance and improve areas of weaknesses.

The Group also conducts a rigorous talent audit process annually using the Lominger Nine-Box talent matrix to organise staff based on their long-term performance and potential. At Group level, our talent retention rate stands at 91% for FY March 2015.

Providing a safe workplace is also important to the welfare of the Group's employees. For instance, Courts Singapore is pleased to have received the OHSAS 18000 Award in January 2013, an international occupational health and safety management system specification award. Thereafter, Courts Singapore also received the bizSAFE STAR Award in March 2013 from the Workplace Safety and Health (WSH) Council for delivering excellence in WSH Management System.

As our business expands geographically, we provide opportunities, as a form of talent development, for staff to embark on postings to Courts Asia's overseas stores and offices to obtain a richer and broader retail career perspective. These opportunities in Indonesia and Malaysia are available to staff on a short or mid-term basis.

In addition, a fast-tracked career programme for highly talented employees is designed to groom them into future leaders at Courts Asia. As testament to the Group's commitment and continual efforts in strategically developing its workforce, Courts Singapore was a finalist in the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") Exemplary Employer Award 2014, a prestigious accolade given out to leading organisations that have demonstrated fair, responsible and inclusive employment practices.

5-YEAR FINANCIAL HIGHLIGHTS

Financial Year ended 31 March	2011	2012	2013	2014	2015
INCOME STATEMENT ($'000)					
Revenue	674,123	724,151	793,768	830,263	**758,549**
Profit before tax	29,726	48,097	51,363	38,001	**21,916**
Net profit	32,245	39,393	41,405	28,310	**17,362**
EBITDA	45,605	67,464	74,921	68,587	**56,872**
BALANCE SHEET ($'000)					
Property, plant and equipment	15,052	16,293	22,535	28,846	**26,778**
Intangible assets	21,605	23,149	23,710	23,856	**24,531**
Net current assets	116,475	107,279	219,607	297,422	**331,104**
Share capital	221,129	221,129	265,332	265,332	**265,332**
Reserves	12,726	(1,850)	24,143	33,456	**31,523**
PER SHARE INFORMATION (cents)[(1)]					
Earnings per share – Basic					
Before tax	5.95	9.62	9.74	6.83	**3.98**
After tax	6.45	7.88	7.85	5.08	**3.16**
Earnings per share – Diluted					
Before tax	5.95	9.62	9.71	6.82	**3.98**
After tax	6.45	7.88	7.83	5.08	**3.15**
Dividend per share	3.41	10.35	3.26	1.52	**1.29**[(2)]
Net assets per share	46.8	43.9	51.7	53.8	**55.1**
KEY RATIOS					
Gearing Ratio[(3)]	37.8%	48.0%	43.7%	50.8%	**52.6%**
EBITDA Margin	6.8%	9.3%	9.4%	8.3%	**7.5%**
Return on shareholder's equity(%)					
Before tax	12.7%	21.9%	17.7%	12.7%	**7.4%**
After tax	13.8%	18.0%	14.3%	9.5%	**5.8%**
Dividend cover (number of times)[(4)]	1.89	0.76	2.27	3.34	**2.50**
Sales per square foot[(5)]					
Singapore ($)	972	1,092	1,148	1,174	**1,004**
Malaysia (RM)	479	484	497	448	**373**
Store area at end of year – Group (square foot)	1,282,404	1,441,993	1,454,993	1,614,958	**1,628,797**
Weighted average store area – Group (square foot)	1,106,857	1,131,785	1,214,348	1,347,982	**1,492,620**

Notes

(1) Number of shares in 2010 to 2012 have been adjusted to 500 million to reflect the consolidation and sub-division that took place on 1 October 2012. Number of shares (excluding treasury shares) as at 31 March 2015 is 538,355,540.

(2) Dividend per share included proposed final cash dividend of 1.29 cents per ordinary share.

(3) Gearing ratio is calculated as borrowings divided by total capital. Total capital is calculated as equity plus borrowings.

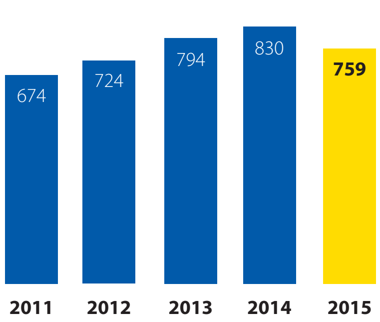
(4) Dividend cover is the ratio of profit attributable to equity holders to net dividends (Interim dividend paid and proposed final dividends).

(5) Based on weighted average store square footage and sale of goods from stores for each financial year, excluding sales from events held outside stores.

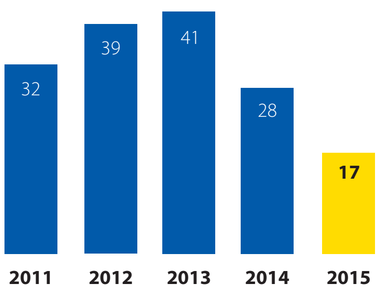
All numbers are in Singapore Dollar (S$) unless otherwise stated.

5-YEAR FINANCIAL HIGHLIGHTS

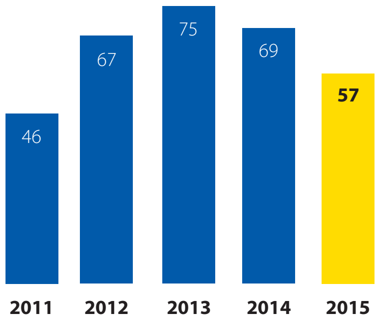
TOTAL SALES ($'m)



NET PROFIT ($'m)

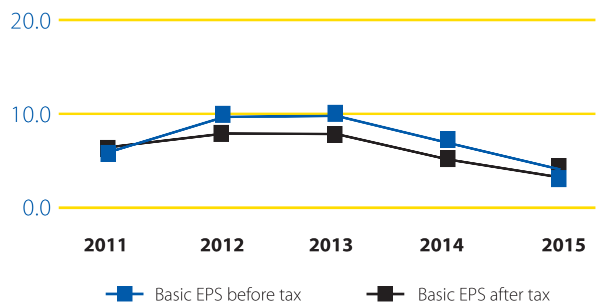


EBITDA ($'m)



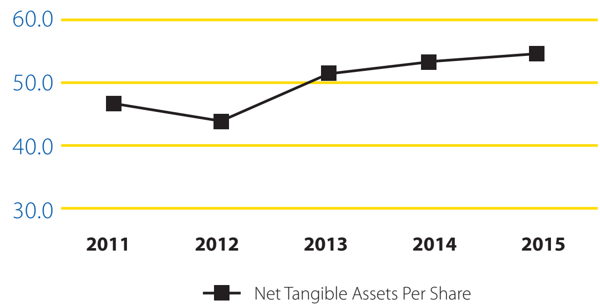
Note: EBITDA is calculated as profit before tax add finance expense and depreciation and amortisation expense.

EARNINGS PER SHARE (cents)



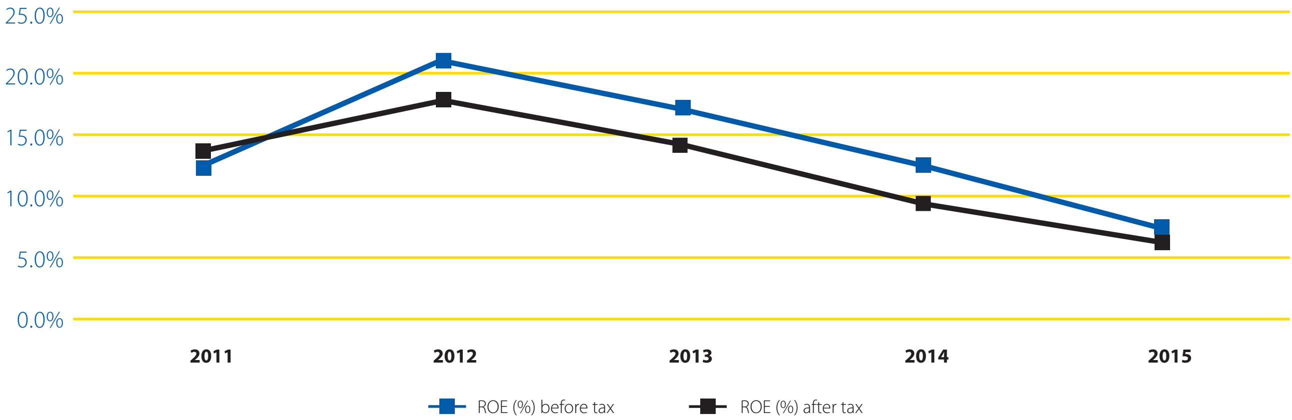
Note: Number of shares in 2010 to 2012 has been adjusted accordingly to reflect the consolidation and sub-division that took place on 1 October 2012. Number of shares (excluding treasury shares) as at 31 March 2015 is 538,355,540.

NET TANGIBLE ASSETS PER SHARE (cents)



Note: Number of shares in 2010 to 2012 has been adjusted accordingly to reflect the consolidation and sub-division that took place on 1 October 2012. Number of shares (excluding treasury shares) as at 31 March 2015 is 538,355,540.

RETURN ON EQUITY (%)



Note: Number of shares in 2010 to 2012 has been adjusted accordingly to reflect the consolidation and sub-division that took place on 1 October 2012. Number of shares (excluding treasury shares) as at 31 March 2015 is 538,355,540.

PERFORMANCE REVIEW

FINANCIAL YEAR ENDED 31 MARCH 2015

OVERALL PERFORMANCE

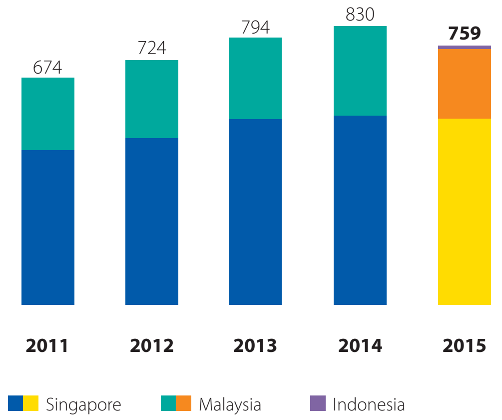
The Group's sales of $758.5 million for FY March 2015 was 8.6% or $71.7 million lower compared to FY March 2014.

Singapore's sales, which contributed to 66.5% of the Group's sales, registered 11.0% decrease in FY March 2015. The decrease in sales was mainly due to a lacklustre retail environment leading to the fall in sales of all product categories, lower bulk sales of digital products and reduced participation in tradeshow days. However, our online store sales registered a 34.0% increase compared to FY March 2014.

Malaysia's sales, which contributed to 32.7% of the Group's sales, decreased by 5.8% (in presentation currency) and 4.1% (in RM currency) due to the general softening of the retail market in Malaysia and the slowing down of consumer purchases in anticipation of price reduction in household products after the GST implementation in April 2015.

Courts Megastore in Bekasi, Indonesia, which started operation in October 2014, contributed 0.8% of the Group's sales for FY March 2015.

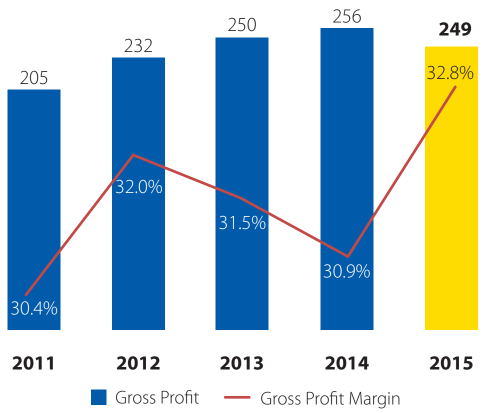
NET SALES BY GEOGRAPHY ($'m)



GROSS PROFIT

Gross profit decreased by 2.8% or $7.2 million whilst gross profit margin increased from 30.9% in FY March 2014 to 32.8% in FY March 2015. The increase in gross profit margin was mainly due to the shift in the Group's sales mix towards the furniture and electrical categories which carry higher margins, but was partially offset by lower service charge income arising from lower credit sales.

GROSS PROFIT ($'m)



All numbers are in Singapore Dollar (S$) unless otherwise stated.

PERFORMANCE REVIEW

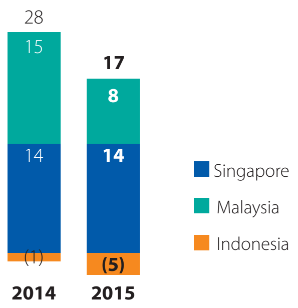
FINANCIAL YEAR ENDED 31 MARCH 2015

NET PROFIT

The Group registered a net profit of $17.4 million this year compared to a net profit of $28.3 million last year.

Singapore recorded a net profit of $13.6 million this year compared to $13.8 million last year. The slight decrease was mainly due to lower sales and higher impairment allowance on trade receivables, higher occupancy costs, such as branches' rental costs, and depreciation attributable to full-year operation of new stores in Singapore. The one time impact of the cost efficiency initiatives have also led to an increase in cost. However, the cost increase is offset by higher gross profit margin and lower general expenses achieved during the recent cost saving initiatives.

NET PROFIT BY GEOGRAPHICAL LOCATION (S$'m)



Note: Net profit calculated as profit after tax less royalty fees on trademark

Malaysia reported a lower net profit of RM22.1 million, a decrease of 43.5% against last year's RM39.1 million. The decrease in net profit when converted into Singapore Dollar was more at 44.5%, from $15.3 million in FY March 2014 to $8.5 million in FY March 2015 as a result of the depreciation of the Malaysia Ringgit against the Singapore Dollar. The lower net profit for Malaysia was due to higher occupancy cost, higher impairment allowance on trade receivables and higher finance costs due to higher interest incurred for increase in borrowings for Malaysia's Syndicated Senior Loan and a higher exchange loss. The increase in expenses was partially offset by higher gross profit margins and better cost management in its operations. However despite the lower net profit registered in March 2015, we see signs of improved profitability in the second half of FY March 2015 where the loss has narrowed significantly.

Indonesia reported a net loss of IDR46.8 billion ($5.0 million in presentation currency) for FY March 2015. The loss is attributed mainly to its pre-opening expenses as well as operation costs after commencement of operation in October 2014 where it has yet to achieve economies of scale.

EXPENSES

The Group's expenses, excluding finance costs and Indonesia's operating costs, decreased by 0.7% to $198.6 million. The decrease in expenses was largely due to the reduction in distribution and marketing expenses, which decreased from $63.7 million in FY March 2014 to $59.5 million in FY March 2015 due to lower sales and lower expenses. We also saw a reduction in other expenses as a result of better cost management in Singapore and Malaysia operations.

The decrease in expenses was offset by higher impairment allowance on trade receivables of $5.3 million arising from higher credit portfolio and higher occupancy costs. As at 31 March 2015, the allowance for impairment of trade receivables was maintained at $23.5 million, representing 4.2% of trade receivables, as compared to FY March 2014, allowance for impairment of trade receivables was at 4.3% of trade receivables.

Despite the lower expenses this year, the expenses-to-turnover ratio has increased to 26.4% from 24.1% due to lower sales and one time impact of the cost efficiency initiatives.

The Group incurred higher finance costs this year from $22.4 million in FY March 2014 to $24.5 million in FY March 2015, mainly due to higher interest incurred for increase in borrowings for Malaysia's Syndicated Senior Loan. The increase was also due to an unrealised exchange loss captured in Malaysia's books arising from a Singapore dollar denominated inter-company loan. The Group's cost of borrowing (excluding commitment fee) as at the balance sheet date was 5.5% (FY March 2014: 5.9%). The lower borrowing cost was mainly attributed to the reduction of interest spread for Malaysia's Syndicated Senior Loan after renewal in February 2015.

EBITDA

The Group's EBITDA dropped from $68.6 to $56.9 million due to lower operating profit reported by Singapore and Malaysia, which decreased by 9.6% and 19.5% respectively, as well as the operating loss from its Indonesia subsidiary in its first year of operation.

EARNINGS PER SHARE

Earnings per share and return on equity for FY March 2014 and FY March 2015 were as follows:

	2014	2015
Earnings per share		
(a) Basic earnings per share (cents)	5.08	**3.16**
(b) Fully diluted earnings per share (cents)	5.08	**3.15**
Return on equity (before income tax)		
Return on equity (%)	12.7%	**7.4%**

The number of shares in issue (excluding treasury shares) in the Company as at 31 March 2015 was 538,355,540 ordinary shares (31 March 2014: 555,716,924 ordinary shares).

During the year, the Company purchased 18,002,200 of its own shares for a total consideration of $8.1 million by way of market acquisition.

In the same period, 551,300 shares were awarded under the Performance Share Plan and 89,516 were awarded as Director Fees. Total value of treasury shares reissued was $0.3 million.

As at 31 March 2015, there are 21,644,460 shares held as treasury shares. The total number of issued shares excluding treasury shares is 538,355,540 (31 March 2014: 555,716,924).

SALES RATIOS

(1) SALES PER SQUARE FOOT

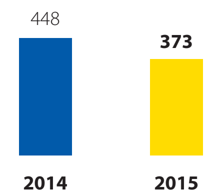
Sales per square foot for Singapore decreased from $1,174 to $1,004 while Malaysia reported a decrease from last year's RM448 to RM373 this year. Malaysia has 63 stores in its network after closure of its unprofitable stores as at 31 March 2015. The new stores opened this year were located in Kuala Krai (Kelantan), Inanam, Taipan (Sabah), Sri Serdang (Selangor) and Kuala Selangor (Selangor). Singapore has 14 stores in its network for the financial year under review.

The Group also entered Indonesia with the launch of its first Megastore in Kota Harapan Indah, Bekasi, East of Jakarta, on 18 October 2014.

SALES PER SQUARE FOOT – SINGAPORE (S$)

Note: Based on weighted average store square footage and sale of goods from stores for each financial year, excluding sales from events held outside stores.

SALES PER SQUARE FOOT – MALAYSIA (RM)



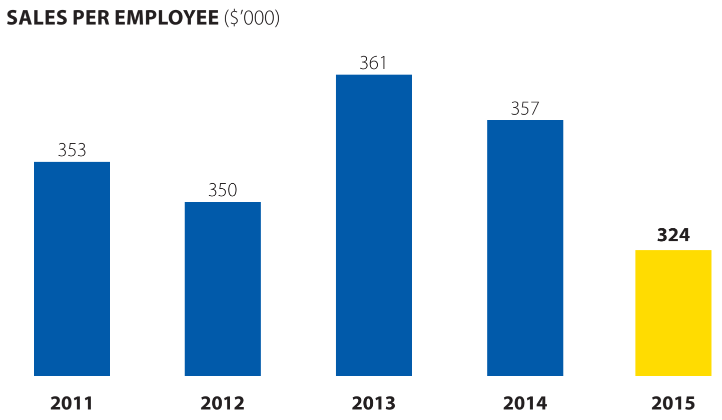
Note: Based on weighted average store square footage and sale of goods from stores for each financial year, excluding sales from events held outside stores.

PERFORMANCE REVIEW

FINANCIAL YEAR ENDED 31 MARCH 2015

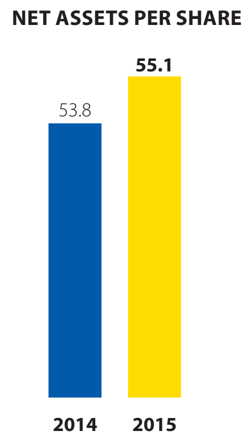
(2) SALES PER EMPLOYEE

The Group's sales per employee ratio for the current financial year decreased by 9.2% to $324,000 from $357,000 last year. The lower sales per employee can be attributed to the decrease in sales by 8.6% or $71.7 million, compared to FY March 2014. The opening of Indonesia's new Megastore in Bekasi during the year also contributed to the lower sales per employee ratio as Indonesia's operations are still at infancy stage and have yet to achieve scale of operation prior to opening two new stores in Bogor and Mega Bekasi Hypermall in May 2015. Additional headcounts were also required.



NET ASSETS PER SHARE

The net assets per share increased to 55.1 cents from 53.8 cents mainly due to profit reported in the current financial year.



DIVIDEND

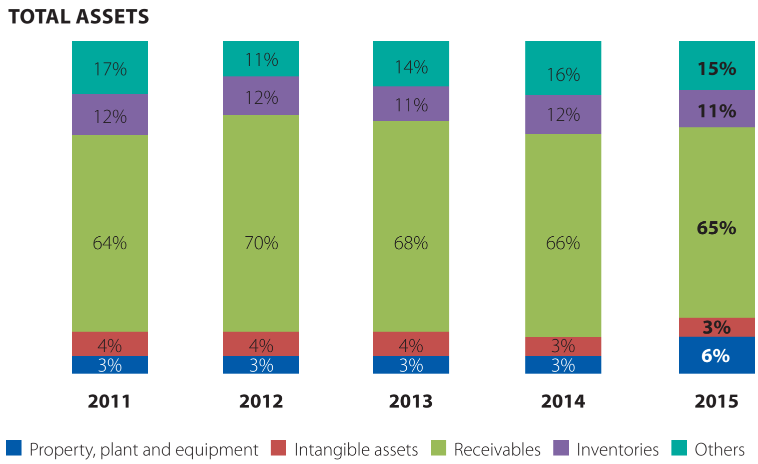
The Board has proposed a final dividend of 1.29 cents per share. This will be presented to shareholders for approval at the Annual General Meeting on 28 July 2015. The total dividend for the year will be 1.29 cents per share whilst annual dividend cover is 2.5 times.

Based on the average share price of 49.6 cents in FY March 2015, the dividend yield for the year was 2.6%.

TOTAL ASSETS

The Group's trade and other receivables (current and non-current) increased by 3.9% from $488.2 million as at 31 March 2014 to $507.4 million as at 31 March 2015 due mainly to an increase in credit sales.

Allowance for impairment of trade receivables as at 31 March 2015 was maintained at $23.5 million, representing 4.2% of trade receivables, as compared to $23.5 million as at 31 March 2014, which represented 4.3% of trade receivables.



CASH FLOW

	2014	2015
	$'000	**$'000**
Cash and cash equivalents	114,951	**114,219**
Borrowings	(308,031)	**(329,200)**
Short term borrowings	1,200	**1,650**
Long term borrowings	306,831	**327,550**
Net borrowings	(193,080)	**(214,981)**

Cash and bank balances were at $114.2 million as at 31 March 2015 (31 March 2014: $115.0 million). The decrease was mainly due to share buyback, payment of dividends and fixed asset additions, partially offset by cashflow generated from operating activities and proceeds from borrowings.

The total borrowings of $329.2 million (31 March 2014: $308.0 million) mainly represent the amount received from the issue of fixed rate notes, the Asset Securitisation Programme 2012 in Singapore, Syndicated Senior Loan in Malaysia and term loan in Indonesia. The increase was mainly from the additional drawdown from Asset Securitisation Programme, Syndicated Senior Loan arrangement, new term loan in Indonesia and new term loan for keyman insurance.

SERVICE CHARGES

Service charges relate to charges arising from the sale of goods under credit schemes. During the year under review, service charges decreased by 7.7% to $134.5 million due to lower credit sales.

Service charges on credit sales are recognised over the credit period at an effective rate of return on the outstanding receivables. The difference between the gross receivables and the present value of the receivables is recognised as unearned service charges.

PERFORMANCE REVIEW

FINANCIAL YEAR ENDED 31 MARCH 2015

EARNED SERVICE CHARGES

In FY March 2015, earned service charges reduced to $136.6 million from $140.6 million. This included $39.0 million from the previous years' unearned service charges being recognised as earned service charges in FY March 2015.

	2014	**2015**
	$'000	**$'000**
Service charges arising from current year's credit sales	145,728	**134,511**
Less: Unearned service charges arising from current year's credit sales deferred to future periods	(46,483)	**(36,945)**
Add: Prior year's unearned service charges now recognised as earned service charges	41,343	**39,021**
Earned service charges for the year	140,588	**136,587**

UNEARNED SERVICE CHARGES

As at 31 March 2015, unearned service charges were $66.0 million, a decrease of $5.2 million from previous year. The unearned service charges comprised service charges of $30.9 million to be recognised within one year and service charges amounting to $35.1 million to be recognised after one year. The unearned service charges of $66.0 million will flow into future financial years as earned service charges.

Unearned Service Charges as at 31 March

($'000)	2011	2012	2013	2014	**2015**
Amount to be recognised within one year	34,596	41,945	41,343	39,021	**30,904**
Amount to be recognised after one year	25,789	26,050	27,236	32,194	**35,125**
	60,385	67,995	68,579	71,215	**66,029**

BOARD OF DIRECTORS

Sitting from left to right: Chey Chor Wai, Terence Donald O'Connor, Jack Hennessy, Kee Kim Eng
Standing from left to right: Adnan Abdulaziz Ahmed AlBahar, Kho Kewee

MR JACK HENNESSY, Non-Independent and Non-Executive Director

Mr Jack Hennessy is a Non-Independent and Non-Executive Director of the Company and the Chairman of the Board of Directors. He has been a Non-Independent and Non-Executive Director of the Company since 12 March 2010 and was last re-elected to the Board of Directors on 25 July 2013. Mr Hennessy has been a Non-Independent and Non-Executive Director of Courts Singapore Pte. Ltd. ("CSPL") since 16 July 2007, and Chairman of the Board of Directors of CSPL since 16 August 2007. Mr Hennessy is the Chairman of the Remuneration Committee and is also a member of the Audit Committee and the Nominating Committee of the Company. Mr Hennessy is the Managing Director of Baring Private Equity Asia Pte. Ltd., an Asia focused private equity firm, and also sits on the boards of several of its portfolio companies. Prior to joining Baring Private Equity Asia Pte. Ltd., Mr Hennessy was a General Partner with Allen & Buckeridge, an Australian private equity firm from 1998 to 2000. Between 1992 and 1995, he was a Senior Consultant with Accenture in Asia and the United States of America. Mr Hennessy was an Adjunct Professor at INSEAD from 2006 to 2008 where he taught the Leveraged Buyout (LBO) course. Mr Hennessy holds a Master of Business Administration from INSEAD and Bachelor Degrees in both Engineering (with Honours) and Science from Monash University in Australia.

BOARD OF DIRECTORS

DR TERENCE DONALD O'CONNOR, Executive Director and Group Chief Executive Officer

Dr Terence Donald O'Connor is an Executive Director, Group Chief Executive Officer of the Company and Country CEO of CSPL. He was appointed to the Board of Directors on 18 January 2010 and last re-elected as an Executive Director on 25 July 2013. Dr O'Connor has worked in CSPL since 1993. From 1993 to 1997, he was Director (Main Board) Electrical, from 1997 to 1998, he was CSPL's Commercial Director, from 1998 to 2000, he was CSPL's Deputy Managing Director, and he assumed the role of Managing Director from 2000 to 2007. From 2007 to March 2011, Dr O'Connor was the CEO of CSPL and assumed the position of CEO in the Company from April 2011. He has served as a Director of CSPL since 02 January 1995, and has also sat on the Courts (Malaysia) Sdn Bhd ("CMSB") Board of Directors since 2007. Dr O'Connor is presently the Senior Advisor to the Institute of Advertising Singapore (IAS) and a regional board member of the Young Presidents' Organisation. He was President of the British Chamber of Commerce from 2006 to 2010, and had previously held the role of Honorary Secretary of the Singapore Retailers Association. Dr O'Connor holds a Master of Business Administration degree in Retailing and Wholesaling from the University of Stirling. In June 2010, Dr O'Connor was conferred the title of Officer of the Most Excellent Order of the British Empire by Britain's Queen Elizabeth II for his work in promoting the business interests of the United Kingdom. In 2013, he published a book on his personal and professional journey in retail titled 'Why Not? The Story of a Retail Maverick and Courts', and was honoured with an Honorary Degree from the University of Stirling in August 2014 in recognition of his outstanding contributions to retailing and British Business in Singapore.

MS KEE KIM ENG, Executive Director and Group Chief Financial Officer

Ms Kee Kim Eng is an Executive Director and the Group Chief Financial Officer of the Company. She has been an Executive Director on the Board of Directors since 12 March 2010 and was last re-elected to the Board of Directors on 30 July 2014. She has been in the Board of Directors of CSPL since 31 May 2012. She is responsible for overseeing the overall financial functions of the Group. Ms Kee has more than 25 years of experience, having held positions in various public listed companies from a diverse range of industries. Prior to her current appointment, she was Strategic Planning Director at CSPL in 2008, where she was responsible for managing strategic projects. From December 2003 to 2008, she held the concurrent positions of Deputy Managing Director, Finance Director and Company Secretary at CSPL where she was in charge of, among others, financial, accounting and administration functions, including strategic planning in these areas. From 1998 to 2003, she was both the Finance Director and Company Secretary, and from 1996 to 1998, she was Financial Controller at CSPL. Ms Kee is a certified public accountant, a Fellow of the Association of Chartered Certified Accountants of the United Kingdom and a member of the Singapore Institute of Directors.

MR ADNAN ABDULAZIZ AHMED ALBAHAR, Non-Independent and Non-Executive Director

Mr Adnan Abdulaziz Ahmed AlBahar is a Non-Independent and Non-Executive Director and has been in the Company's Board of Directors and the Board of Directors of CSPL since 17 January 2012. He was last re-elected to the Board of Directors on 30 July 2014. Mr AlBahar is the Chairman and Managing Director of The International Investor, an investment and finance firm and has held this position since September 1992. Prior to setting up The International Investor, Mr AlBahar was the Managing Director of AlRajhi Co. Islamic Investment – London, and before that the General Manager of Kuwait Finance House, Kuwait. A graduate of the American College of Switzerland in 1977 in International Business, Administration and Economics, Mr AlBahar is also a member of the Kuwait Higher Planning Board.

(Note: Mr Adnan Abdulaziz Ahmed AlBahar resigned from the Company's Board of Directors with effect from 30 June 2015.)

MR CHEY CHOR WAI, Independent Non-Executive Director

Mr Chey Chor Wai is an Independent Non-Executive Director of the Company and has been in the Board of Directors since 27 September 2012. Mr Chey is the Chairman of the Audit Committee of the Company, and a member of the Remuneration Committee and the Nominating Committee. He will stand for re-election to the Company's Board of Directors at the upcoming Annual General Meeting ("AGM"). He started his career with Coopers & Lybrand in Singapore upon graduation in 1976, and assumed various positions at the offices of Coopers & Lybrand in London, Singapore and New York between 1979 and 1994. He was admitted as a partner of Coopers & Lybrand in 1989. In 1995, he was seconded to be the Managing Partner of Coopers & Lybrand CIEC Beijing office. He returned to the Singapore office of Coopers & Lybrand in 1998 and remained as an assurance partner until his retirement in 2008, during which time Coopers & Lybrand merged with Price Waterhouse to form PricewaterhouseCoopers LLP. Mr Chey holds a Bachelor of Accountancy degree from the University of Singapore (now known as the National University of Singapore). He has also been a Fellow of the Institute of Singapore Chartered Accountants since 2004, a Fellow of CPA Australia since 2005 and a Fellow of the Association of Chartered Certified Accountants of the United Kingdom since 2006. He became a Certified Information Systems Auditor (CISA) in 1985. Mr Chey is also an Ordinary Member of the Singapore Institute of Directors. He is a Director of Media Development Authority of Singapore, and the lead Independent Director of Isetan (Singapore) Limited. His other principal commitment is as a board member and member of the EXCO of Dover Park Hospice. Mr Chey was conferred the Public Service Medal (PBM) by the President of Singapore in 2014.

BOARD OF DIRECTORS

MR KEWEE KHO, Independent Non-Executive Director

Mr Kewee Kho is an Independent Non-Executive Director of the Company and has been on the Board of Directors since 27 September 2012. Mr Kho is the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee of the Company. He will stand for re-election to the Company's Board of Directors at the upcoming AGM. Mr Kho is Director at SBI Ven Capital Pte Ltd, a financial services and investment group. Mr Kho was Corporate and Business Development Consultant for JSCL Investments Pte Ltd and Homestay Residences Pte Ltd from 2011 to 2012. From 2008 to 2010, he was Managing Director at Alpha Advisory Pte Ltd, a boutique investment banking firm. Prior to this, Mr Kho headed Capital Markets, Investment Banking, at HL Bank in Singapore, from 2006 to 2008. He was previously with securities and investment broking group, Kim Eng Securities Pte Ltd, from 2000 to 2006 as Vice President of Business Development. Before returning to Asia, Mr Kho was in Chicago as Consultant at Deloitte & Touche LLP and IPC Group, LLC, both in financial advisory services. Mr Kho graduated with a Bachelor of Science in Business from Indiana University in 1995. Mr Kho is an Ordinary Member of the Singapore Institute of Directors and also serves on the board of Lee Metal Group Ltd.

MR IBRAHIM ABDELAZIM ABOUTALEB, Non-Independent and Non-Executive Director

Mr Ibrahim Abdelazim Aboutaleb is a Non-Independent and Non-Executive Director. He was appointed to our Board of Directors and the board of directors of CSPL on 30 June 2015. He will stand for re-election to the Company's Board of Directors at the upcoming AGM. Mr Ibrahim has over 29 years of experience in business advisory and investment. He is currently the partner in-charge of Investment and Finance and the Deputy Chief Executive Officer of The International Investor Company, an Islamic investment private equity company. Mr Ibrahim was Assistant Chief Executive Officer of AL-IMTIAZ Investment, a financial investment company from 2008 to 2009. Prior to that, he has worked as a financial advisor with the Arab Open University, as Director with the Arthur Anderson Global Corporate Finance and with Coopers & Lybrand in treasury, assurance and business advisory. Mr Ibrahim holds a Master of Business Administration in Corporate Finance and he is a Certified Risk Analyst.

(Note: Mr Ibrahim Abdelazim Aboutaleb was appointed to the Company's Board of Directors with effect from 30 June 2015.)

SENIOR MANAGEMENT

Dr Terence Donald O'Connor and Ms Kee Kim Eng are the Group Chief Executive Officer and Group Chief Financial Officer respectively. Please refer to 'Board of Directors' for details of their work experience and qualifications.

Sitting from left to right: Chan Yuen Kiong, Kiran Kaur, Terence Donald O'Connor, Kee Kim Eng, Stan Kim

Standing from left to right: Joe Greenway, Tim Luce, Allard Sjollema, Roy Santoso

MR CHAN YUEN KIONG, Group Chief Credit Officer and Advisor to Regional Operations

Mr Chan Yuen Kiong is the Group Chief Credit Officer and Advisor to Regional Operations of the Company. Prior to his appointment, he was the Group Chief Information and Credit Officer, and before that, Group Regional Credit Director – Consumer Credit/Credit Management. He previously held the position of Credit Director in Courts (Malaysia) Sdn Bhd ("CMB") where he was responsible for credit, collections and portfolio management within the company. Before joining Courts, Mr Chan was the CEO of Denrich Corporation Sdn Bhd, a construction, building and engineering firm. From 1998 to 2002, he held the position of Country Manager and Head of Consumer Services at American Express (M) Sdn Bhd in Malaysia. From 1994 to 1998, Mr Chan held the positions of Business Controller, Head of Bankcard Head Business and Head of Operations and Technology at Citibank Berhad. Mr Chan is qualified under the Chartered Institute of Management Accountants programme.

SENIOR MANAGEMENT

MS KIRAN KAUR, Group Chief Talent and Customer Service Officer

Ms Kiran Kaur is Group Chief Talent and Customer Service Officer of the Company. From 2007 to 2013, she was the Regional Human Resource Director for the Group, and was the Human Resource Director of Courts Singapore Private Limited ("CSPL") from 2002 to 2007. Prior to that, she was the Customer Service Controller of CSPL from 1997 to 2001. Within the Customer Service portfolio, she also covered the area of Warehouse and Logistics, and Quality Control.

MR STAN KIM, Group Chief Information Officer

Mr Stan Kim is Group Chief Information Officer of the Company, responsible for strengthening the supply chain and enabling effective implementation of business critical technology projects. Prior to this, he was Managing Director at Wilko Asia from 2014 to 2015, and Managing Director at DGS International Sourcing from 2011 to 2014. Mr Kim held several positions in Dixons Retail Limited from 2008 to 2011, which included Supply Chain Director in 2008, and Merchandise & Distribution Planning Director for UK & Ireland from 2009 to 2010. Later, he was appointed Group Merchandise Development Director from 2010 to 2011, and then assumed the role of Dixons Travel (Airports) Operations Development Director in 2011. From 2003 to 2008, he was Head of Customer Side Supply Chain at Samsung Data Systems, and before that, Senior Gas and Electricity Consultant at Accenture Consulting from 1998 to 2003.

MR JOE GREENWAY, Regional Director of Business Development

Mr Joe Greenway is Regional Director of Business Development of the Company. He has held several other positions within the Group including Deputy Country Director of CMB from 2009 to 2012, Regional Director from 2007 to 2009 and Commercial Director of Financial Services at CSPL from 2005 to 2007. Prior to this, he was the Regional IT Director of CSPL from 2001 to 2005 and the IT Director of Courts Plc from 1987 to 2001.

MR TIM LUCE, Group Chief Marketing Officer and CEO of Courts (Malaysia) Sdn Bhd

Mr Tim Luce is the Group Chief Marketing Officer and CEO of CMB. He was previously the CEO of CSPL from 2013 to 2014, and Group Director of Retail from 2011 to 2013, overseeing retail commercial activities in Singapore and Malaysia. He joined CSPL in 2011 as Country Director of Singapore. Mr Luce's experience in the retail industry spans 20 years. He was previously Managing Director from 1994 to 2007 and then General Manager from 2007 to 2008 for Lenteur Pty Ltd – Lifestyle Appliances' New South Wales operations in Australia, before assuming the position of General Manager at Goldmark Pty Ltd from 2008 to 2010, and then General Manager at Lovisa Pty Ltd from 2010 to 2011.

MR ROY SANTOSO, CEO of PT Courts Retail Indonesia

Mr Roy Santoso is the Country CEO of PT Courts Retail Indonesia. Before he joined Courts, he was the Managing Director of PT Electronic City Indonesia from 2007 to 2012. Between 2003 and 2004, he helmed his own business in the food and beverage industry, which he eventually sold. From 2001 to 2003, he was the Director of Equities (Institutional Desk) at Kim Eng Securities, and an Associate Director at Bahana Securities from 1996 to 2001.

MR ALLARD SJOLLEMA, CEO of New Markets

Mr Allard Sjollema is CEO of New Markets, having held the position of Country CEO of CMB from 2012 to 2014. Previously, he was Commercial Director of Tesco China South from 2010 to 2012. He was Food Buying Director of Makro Czech Republic from 2002 to 2006 and Makro UK from 2006 to 2009 before becoming Commercial Director of Makro from 2009 to 2010. From 2001 to 2002, he was Business Process Optimization Manager of Metro France, and assumed the role of Regional Manager of Metro Slovakia from 1999 to 2001. From 1995 to 1999, he was store manager for Maktro Argentina, followed by Makro Columbia and then Makro Czech Republic.

SUSTAINABILITY REPORT

Courts Asia is committed to being a socially responsible corporate citizen that gives back to the community in impactful and meaningful ways. As one of the leading retailers in Southeast Asia, we leverage and put our core competencies, network and resources to good use to steadfastly support causes we are passionate about, which include children, youth and young families in need, as well as football in Singapore.

As a testament to our efforts in creating sustainable and positive change to the society, Courts was awarded The President's Volunteerism & Philanthropy Award by the National Volunteer & Philanthropy Centre.

Other key priorities for us include the pursuit of environment-friendly practices that minimise impact to the environment whilst maximising benefits to customers, creating equal employment opportunities and ensuring workplace safety and health capabilities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Courts Singapore's 40 Years of Being Part of the Community

A year-long CSR programme was launched in celebration of Courts' 40 years in Singapore in FY March 2015, which saw staff, business partners and brands come together to support various beneficiaries in need. This year saw more opportunities for our staff to volunteer for our community-outreach initiatives together, and we will continue to create or seek out similar programmes that inculcate the spirit of giving and togetherness.

Under a 40-week partnership with Dignity Kitchen, Singapore's first food courts management school that focuses on training the disabled and disadvantaged to be food stall operators, 10 different employees volunteered weekly to prepare and serve lunch to the elderly. This included a special 'Buka Puasa' (Break Fast) session, where more than 20 volunteers served, enjoyed dinner and gave out grocery vouchers to 40 elderly residents from Jamiyah Home for the Aged.

Encouraging Singapore to 'Dream Big, Do Big', the tagline for our 40th Anniversary celebrations, we launched a community-outreach initiative, '40 Big Dreams' in June 2014. Participants were invited to share their dreams on the Courts Facebook page, and Courts selected the 40 most inspiring dreams to help fulfill. Some of the 40 dreams fulfilled were helping to set up a new technology centre for Little Bodhi Student Care Centre, and surprising a handicapped boy with a car-decorated bedroom.

In addition, a blood donation drive with Singapore Red Cross was held in November 2014.

Annual Charity Golf Tournament and Charity Party 2014

In October 2014, we organised our annual Charity Golf Tournament at the Laguna National Golf & Country Club, where over 100 golfers participated and eventually raised S$151,000 for Jamiyah Home for the Aged. The funds will enable the Home to continue realising their vision of fostering self-reliance amongst the elderly, regardless of race and religion.

An additional S$307,000 was then raised for Centre for Fathering and Heartware Network at the Courts and O'Connors & Friends "RIO Carnaval" Charity Party, held in November 2014 at Raffles Town Club. Centre for Fathering helps families – and fathers, in particular – through father-child experiential programmes and fathering workshops. Heartware Network is a youth charity that seeks to inspire youths to think beyond themselves and to engage in community service.

All in all, a record-breaking S$458,500 was raised for the three charity organisations, who also received double the contribution due to the dollar-for-dollar matching grants under the Care & Share @ SG50 Movement.

Courts raised a record-breaking S$458,500 for three charity beneficiaries

Reigniting the Love for Football

We are avid champions of supporting and growing the local football community.

In November and December 2014, we organised the third consecutive Courts and Liverpool Football Academy in collaboration with the Liverpool Football Club International Football Academy. Held in Malaysia and Singapore, more than 400 youths in both countries had the opportunity to train under a rigorous training syllabus led by three Academy-certified coaches. The Courts Cup also debuted this year, where local secondary schools went head-to-head to be crowned Courts Champion, whilst imbuing the values of sportsmanship, teamwork and friendship.

Courts renewed its sponsorship of the Young Lions in the Singapore League for the fifth consecutive season in February 2015.

Moreover, as part of Courts' SSG50 celebrations, we brought in a series of internationally-recognised football legends to rally customers and the football community to be a part of Singapore's Golden Jubilee.

Former Manchester United captain, Bryan Robson, met with the local football community as part of Courts' SG50 celebrations

Other Initiatives

In March 2015, Courts Malaysia, launched *Rumah Amal Courts* (Courts Charity House), together with 1Malaysia for Youth (IM4U). Under this year-long programme, we will provide basic household necessities worth RM200,000 to 28 charity homes and families selected by iM4U. This followed our contribution of RM20,000 worth of household products to Keluarga Besar Norlina Alawi Berhad (KBNAB), a shelter for HIV/AIDS-infected and affected children of HIV/AIDS parents, as well as raising RM44,000 from our colleagues in Singapore and Malaysia for our staff and customers affected by the East Coast floods.

Courts presented RM20,000 worth of household products to Keluarga Besar Norlina Alawi Berhad

At the Grand Opening of Courts Megastore in Bekasi, East of Jakarta, we set up an education fund for 156 elementary school students in Bekasi for the next two years, and will donate 1,000 sets of table and chairs to schools in Bekasi over the next five years.

ENVIRONMENTAL IMPACT MANAGEMENT

The Group continues to work with responsible global suppliers to promote eco-efficient strategies as part of doing business the green-way and observes good practices to conserve electricity and water as well as support recycling efforts in its day-to-day Singapore operations. These practices include:

- Deploying energy efficient lighting in four stores – Courts Megastore, Courts Jem, Courts Westgate and Courts Star Vista since FY March 2014

Courts Westgate is one of the four stores that uses energy efficient lighting

- Using O-rings water saver regulators on water taps in Courts Megastore in Tampines
- Zoning lightings in the office area to enable staff to selectively turn on lights only when cubicles in the zone are occupied

As a result of these practices, we managed to achieve a 15% savings in our utility expenses for our stand-alone stores in FY March 2015 compared to the previous year.

Furthering our green mission, we set up green corners in stores and offices to facilitate separation of rubbish for proper recycling. Over the last 12 months, we have facilitated the recycling of approximately 30 tonnes of waste. In Malaysia, we continue to use e-Clean technology to reduce electricity wastage at Courts Setapak and Courts Cheras.

HUMAN CAPITAL

As an extension of our efforts to create equal employment opportunities, we have also qualified for the e2i (Employment and Employability Institute) grant, in recognition of our effort to provide employment opportunities for security and cleaner workers via our vendors. The e2i Award aims to create better jobs and lives for workers.

OCCUPATIONAL HEALTH & SAFETY

Courts Singapore attained the bizSAFE STAR Status, the highest level of bizSAFE Certification, a 5-step programme to recognise companies that build up their workplace safety and health capabilities.

Our eventual goal is to work towards having bizSAFE level 3 as a criteria in our procurement contract and work with more bizSAFE accredited vendors who have incorporated safety as part of their business model.

In addition, in line with the amended Fire Safety Act, we have appointed a 6-man Company Emergency Response Team (CERT) team for Courts Megastore in Tampines. The CERT team is competently trained in preventing any emergency from escalating into a major disaster. Their role is to mitigate and control an emergency situation at the affected premise during the initial stages prior to Singapore Civil Defence Force (SCDF)'s arrival.

Everything you need for your home under one roof

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of good corporate governance and is committed to ensure a high standard of corporate governance to enhance corporate performance and protect the interest of the shareholders. The Code of Corporate Governance 2012 (the "Code") is applicable to the Company in respect of its financial year ended 31 March 2015 ("FY2015").

The Company has endeavoured to observe and adhere to the principles and guidelines as set out in the Code in FY2015, and this Corporate Governance Report describes the Group's corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Code, and where applicable, the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual"). Where there have been deviations from the Code, appropriate explanations have been provided in this Corporate Governance Report.

In the opinion of the Board of the Directors of the Company (the "Board"), the Company has generally complied with all of the provisions as set out in the Code for FY2015.

A. BOARD MATTERS

Principle 1
The Board's Conduct of its Affairs

The Board oversees the Group's overall policies, strategies and objectives, key operational initiatives, performance and measurement, internal control and risk management, major funding and investment proposals, financial performance reviews and corporate governance practices.

The Board has a list of reserved matters which require the approval of the Board. The reserved matters include the annual strategic plan and budget, major capital expenditures, changes in capital structure, mergers and acquisitions, dividend payments, treasury matters, interested person transactions of a material nature, share buy-backs, introduction of new corporate governance policies and practices, entering and renewal of leases, appointment and remuneration of key executives and announcements on SGXNET.

The Board meets on a regular basis, at least once in each quarter, to review business performance and to deliberate on matters reserved for the Board. Ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled quarterly meetings. Directors who are not able to physically attend a Board meeting may participate in the Board meeting via teleconferencing or video-conferencing as provided for in the Articles of Association ("AoA") of the Company. At times, when a physical Board meeting is not possible, timely communication with members of the Board is achieved through phone calls, emails and other electronic means and approval from the Directors is obtained via the circulation of Directors' resolutions in writing. Decisions are taken objectively in the interest of the Company and the Board works with the management to achieve the objective.

To assist with the execution of its responsibilities, the Board is supported by the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"). The Board Committees operate within clearly defined terms of reference and functional procedures which are reviewed on a regular basis.

CORPORATE GOVERNANCE REPORT

In FY2015, a total of six Board meetings were held. The table below shows the attendance of the Directors at the Board and respective Board Committee meetings in respect of FY2015:

	Board	AC	RC	NC
Name	**No. of meetings attended/held**	**No. of meetings attended/held**	**No. of meetings attended/held**	**No. of meetings attended/held**
Mr Jack Hennessy	6/6	4/4	1/1	1/1
Dr Terence Donald O'Connor	6/6	N.A.	N.A.	N.A.
Ms Kee Kim Eng	6/6	N.A.	N.A.	N.A.
Mr Adnan A A AlBahar[(1)]	1/6	N.A.	N.A.	N.A.
Mr Ibrahim Abdelazim Aboutaleb[(2)]	–	–	–	–
Mr Chey Chor Wai	5/6	4/4	1/1	1/1
Mr Kho Kewee	6/6	4/4	1/1	1/1

N.A.: Not applicable as the Director is not a member of the Board Committee

Notes:
(1) Mr Adnan A A AlBahar resigned on 30 June 2015.
(2) Mr Ibrahim Abdelazim Aboutaleb was appointed on 30 June 2015.

It is the practice of the Company that for any new appointment of Director(s), a formal appointment letter setting out his duties and responsibilities will be extended to the new appointee(s). The Company will conduct an orientation that includes briefings by the Management on the Group's structure, business operations and policies. The new appointee(s) will also be given opportunities to visit selected stores of the Group with a guided tour of the operations by the Management.

The Directors recognise the importance of receiving regular training, particularly on relevant new laws, regulations and changing commercial risks. In this aspect, the Directors had taken their own initiatives to attend training sessions/seminars organised by external organisations during FY2015, and where appropriate, the trainings were funded by the Company.

Principle 2
Board Composition and Guidance

The Board has six members comprising two Independent Directors, two Non-Independent Non-Executive Directors and two Executive Directors. The names of the Board members and their designations are set out below:–

Mr Jack Hennessy	Chairman, Non-Independent and Non-Executive Director
Dr Terence Donald O'Connor	Executive Director and Group Chief Executive Officer
Ms Kee Kim Eng	Executive Director and Group Chief Financial Officer
Mr Adnan A A AlBahar	Non-Independent and Non-Executive Director (Resigned on 30 June 2015)
Mr Ibrahim Abdelazim Aboutaleb	Non-Independent and Non-Executive Director (Appointed on 30 June 2015)
Mr Chey Chor Wai	Independent Non-Executive Director
Mr Kho Kewee	Independent Non-Executive Director

The Board's structure, size and composition is reviewed annually by the NC who is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations, to facilitate effective decision making. The NC is satisfied that the Board comprises Directors who, as a group, provide core competencies such as accounting, finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge to lead the Group effectively. Profiles of the Directors are set out in the "Board of Directors" section in this Annual Report.

CORPORATE GOVERNANCE REPORT

The Company maintains a satisfactory independent element on the Board by having two Independent Directors out of the total of six Board members. It is in compliance with the Guideline 2.1 of the Code which recommends that at least one-third of the Board should be independent. Guideline 2.2 of the Code also recommends that, where the Chairman of the Board is not an Independent Director, at least half of the Board should be independent. The NC is of the view that although the Independent Directors do not currently make up half of the Board, all of the Directors have debated vigorously on the subject matters tabled at the Board meetings held in FY2015, regardless of whether they were independent or not. The Board is aware that the recommendation is for the Company to comply with Guideline 2.2 no later than by the Annual General Meeting ("AGM") following the end of its financial year commencing on or after 1 May 2016. In the meantime, the Directors will endeavour to look for a suitable candidate to act as Independent Director, preferably someone with significant and relevant retail industry experience.

The Company was listed on the SGX-ST on 15 October 2012 and neither of the Independent Directors had served on the Board for more than nine years.

To facilitate a more effective check on the Management, the Non-Executive Directors have met and/or communicated on several occasions on an informal basis to discuss matters relating to the Group without the presence of any of the Management team members (including the Executive Directors).

Principle 3
Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Group Chief Executive Officer ("CEO") to ensure that there is a balance of power and authority. The role of the Chairman and the Group CEO of the Company are separately undertaken by Mr Jack Hennessy ("Mr Hennessy") and Dr Terence Donald O'Connor ("Dr O'Connor") respectively.

The Chairman, Mr Hennessy, is a Non-Independent Non-Executive Director. He leads the Board to ensure its effectiveness on all aspects of its role. He reviews and approves the agenda items for Board meetings and, assisted by the Company Secretary, ensures that the Board members receive complete, adequate and timely information for discussion at the Board meetings. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings. He also ensures that adequate time is available for discussion of all agenda items, and in particular, on strategic issues. At meetings, the Chairman facilitates the discussion and promotes open dialogue and debate among the Directors and between the Directors and the Management.

Dr O'Connor is an Executive Director and the Group CEO of the Company. He manages the businesses of the Group and implements the decisions made by the Board. As the Group CEO, he is responsible for the day-to-day operations of the Group.

The performance of the Chairman and the CEO are reviewed periodically by the NC and their remuneration packages are reviewed periodically by the RC. With the segregation of duties between the Chairman and the CEO, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Guideline 3.3 of the Code advocates that every company should appoint an independent director to be the lead independent director where the chairman is not an independent director. The NC has discussed and was of the view that although Mr Hennessy is a Non-Independent Director, he is a nominee director of Singapore Retail Group Limited, a shareholder of the Company and he has, and will be able to, effectively discharge his duties as the Chairman of the Board as if he is an independent director. The NC (save for Mr Hennessy who abstained) has therefore recommended that the appointment of a lead independent director is not required. The Board has concurred with the NC's recommendation. Shareholders who have any concerns, for which contact through the Chairman, Group CEO or the Group Chief Financial Officer ("CFO") has failed to resolve or is inappropriate, may register their concerns directly with the two Independent Directors.

Notwithstanding that no lead independent director has been appointed, the two Independent Directors do meet periodically (albeit on an informal basis) to discuss about the Group's affairs without the presence of the other Directors or Management. Any issues, concerns and/or suggestions arising from their discussions will be directly raised to the Chairman of the Board.

CORPORATE GOVERNANCE REPORT

Principle 4
Board Membership

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments. The NC comprises the following three members, majority of whom, including the Chairman, are Independent Non-Executive Directors:–

Mr Kho Kewee *(Chairman)*
Mr Jack Hennessy *(Member)*
Mr Chey Chor Wai *(Member)*

The NC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the NC include:

(a) reviewing and recommending the (i) Board succession plans of the Directors, in particular the Chairman, the Group CEO and Independent Directors, taking into consideration each Director's competencies, commitment, contribution and performance; (ii) the development of a process for evaluation of the performance of the Board, the Board Committees and individual Directors; (iii) the review of training and professional development programmes for the Board; and (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

(b) reviewing annually the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;

(c) determining annually, and as and when circumstances so require, whether or not a Director is independent in accordance with the Code and any other salient factors;

(d) reviewing and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(e) reviewing and approving of any new employment of persons related to the CEO or Directors and the proposed terms of their employment; and

(f) evaluating the performance and effectiveness of the Board as a whole.

The NC has in place a process for the selection and appointment of new Directors which includes identification of potential candidates, evaluation of each candidate's skills, knowledge and experience and assessment of the candidate's suitability. All potential candidates, through the recommendation of the Directors, professional firms and associates, and if need be, through external consultants will have their profiles submitted to the NC for screening and selection. The NC will meet with the selected candidate to assess his/her suitability, before making a recommendation to the Board for its approval.

The NC will ensure that Directors appointed to the Board possess the background, experience and knowledge relevant to the industry, as well as business, finance and management skills critical to the Company's businesses. In the event that a Director has multiple board representations, the NC will determine whether or not a Director is able to, and has been, adequately carrying 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 will also determine whether a Director is independent, by taking into account, inter alia, the relationship a Director may have with the Company and its related companies, its 10% shareholders or its officers that could be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. Such measures enable the Board to have an independent and objective perspective so as to allow balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE REPORT

The NC has put in place a process for determining a Director's independence. Once a year, after each financial year end, a Form of Declaration of Independence or Non-Independence will be sent to each of the Directors. Each Director will declare their independence or non-independence by signing and submitting the Form to the Secretary. These duly signed Forms will be tabled at the NC meeting for the NC's review. At the NC meeting, the NC will determine if an Independent Director is indeed independent based on his/her self-declaration Form and whether this Director can continue to exercise independent judgement. In addition to this annual review, the NC is also committed to convening a meeting as and when circumstances prevail which calls for a review. The NC Chairman will present its findings to the Board for Board's endorsement.

The NC is responsible for the nomination and the re-election of Directors at regular intervals, taking into consideration the Directors' competencies, commitment, contribution and performance at Board meetings and Board Committee meetings (if applicable), including attendance, preparedness, candour and participation. Each member of our NC shall abstain from voting on any resolution in respect of his re-nomination as a Director.

Pursuant to Article 94 of the Company's AoA, every Director shall retire from office once every three years and for this purpose, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

Mr Ibrahim Abdelazim Aboutaleb was appointed on 30 June 2015. Pursuant to Article 100 of the Company's AoA, he has to retire at the forthcoming AGM. In accordance with Article 94 of the Company's AoA, Mr Chey Chor Wai and Mr Kho Kewee will retire at the forthcoming AGM by rotation. These three Directors, being eligible, had offered themselves for re-election. The NC, having assessed their performance and contribution to the Board and the Company, recommended their re-election. The Board has concurred with the NC's recommendation.

As an individual Director's ability to commit time to the Group's affair is essential, the NC has determined, at its meeting held in May 2013 that the maximum number of listed company board representations which any Director of the Company may hold is six and all Directors have complied.

The profile of the Directors, detailing their qualification, directorship in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on page 23 to 26 of this Annual Report.

Principle 5
Board Performance

The NC has in place a formal system of evaluating Board performance and assessing the effectiveness of the Board, the Board Committees and the individual Directors, including through the use of evaluation forms.

The evaluation of Board's performance as a whole deals with matters on Board composition, procedures and accountability as well as information available to the Board. The evaluation of the Board also covers the Board's contribution to the testing and development of strategy, ensuring effective risk management, the Board's response to problems and crisis, etc. The Board Committees' evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. The criteria for the evaluation of individual Directors include, amongst others, attendance at Board and Board Committee meetings, Directors' duties and know-how and interaction with fellow Directors.

Each Director is required to complete an evaluation form, which is then returned to the Company Secretary on a private and confidential basis for compilation of the average scores. The compiled results are then tabulated and presented at the NC meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board.

The last Board of Directors' evaluation was conducted in May 2015. The Board was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the relevant Board Committee(s). The Board did not engage an external facilitator for the assessment process for FY2015.

CORPORATE GOVERNANCE REPORT

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a director of the Company.

Principle 6
Access to Information

All Directors are furnished with complete and adequate information prior to Board meetings (and as far as possible, at least one week before the meetings) to allow the Directors sufficient time to read and review the board papers and the meeting materials. As and when there are important matters that require the Directors' attention, the information will be furnished to the Directors as soon as practicable.

All the Directors have separate and independent access to the Group's senior management, the Company Secretary and her assistant as well as the Group's internal and external auditors should they have any queries on the affairs of the Group.

The Company Secretary and her assistant provide corporate secretarial support to the Board which includes the attendance at Board and Board Committee meetings, ensuring that meeting procedures are followed and that the relevant rules and regulations of the Companies Act and the listing requirements of the SGX-ST which are applicable to the Company are adhered to. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board has also approved a procedure for the Board, as well as the respective Board Committee and the Independent Directors, to take independent professional advice, where necessary, in the furtherance of their duties. The cost of such professional advice will be borne by the Company.

B. REMUNERATION MATTERS

Principle 7
Procedures for Developing Remuneration Policies

Principle 8
Level and Mix of Remuneration

The RC is established for the purposes of ensuring that there is a formal and transparent process for developing a policy on executive remuneration. The RC comprises the following three members, majority of whom are Independent Non-Executive Directors:–

Mr Jack Hennessy *(Chairman)*
Mr Chey Chor Wai *(Member)*
Mr Kho Kewee *(Member)*

Guideline 7.1 of the Code recommends that the Chairman of the RC should be an Independent Director. Mr Hennessy, the RC Chairman, is a Non-Independent Non-Executive Director. He has been a director of Courts (Singapore) Pte. Ltd., a subsidiary of the Company since 2007 and a Director of the Company since March 2010. He is familiar with the level and structure of the Group's remuneration policies, having formulated the executive remuneration packages for key executives of the Group together with advice from external remuneration consultants. As Mr Hennessy is the nominee director of Singapore Retail Group Limited, a shareholder of the Company, the Board is of the view that there is no risk of any potential conflict of interest resulting from him assuming this role.

The RC has adopted written terms of reference setting out its duties and responsibilities.

CORPORATE GOVERNANCE REPORT

The duties and responsibilities of the RC include:–

(a) reviewing and recommending to the Board remuneration frameworks for the Directors (including the Group CEO and the Group CFO) and key executives;

(b) reviewing and recommending specific remuneration packages for each of the Directors as well as key executives covering all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(c) reviewing and ensuring that the remuneration of Non-Executive Directors is appropriate to the level of contribution by them, taking into account factors such as effort and time spent, and responsibilities of the Directors;

(d) implementing and administering the Share-Based Incentive Plans (as defined below); and

(e) in the case of service agreements, considering what compensation commitments, if any, would be necessary under the Directors' or executive officers' contracts of service in the event of early termination with a view to being fair, avoid rewarding poor performance and recognise the duty to mitigate loss to the Group.

For FY2015, Carrots Consulting Pte Ltd ("Carrots Consulting") was engaged as an independent remuneration consultant to provide professional advice on remuneration matters. The principal consultant providing such services was Mr Johan Grundlingh. Carrots Consulting only provides remuneration consulting services to the Company, and has no other relationship with the Company. The Company is one of the many clients of Carrots Consulting and the revenue from the Company represents less than 10% of its total revenue. As such, Carrots Consulting is not too reliant on the Company for its income so as to affect its independence in giving its advice to the Company.

The Company has in place the following Incentive Plans in FY2015:–

(A) Cash Incentive Plans for the Group CEO, Group CFO and key executives

This comprises the following four components:–

(i) Enhanced Individual Key Performance Indicators ("KPI") Performance Bonus Plan ("Enhanced I-KPB")

The Enhanced I-KPB is a cash-based incentive for senior management. The amount of the cash-based incentive is determined with reference to how well the participant has met the goals and individual key performance indicators set by the Board in consultation with the management, which will vary depending on their job requirements. Participants are appraised annually under the Enhanced I-KPB, and their performance level and final payout will be determined accordingly.

Individual performance objectives are aligned to the overall strategic, financial and operational goals of the Company and are set at the beginning of each financial year and are cascaded down to executives using individual scorecards, creating alignment between the performance of the Company and the individual. While these performance objectives are different for each executive, they are assessed on the same principles across the following four broad categories of targets:

- finance and business;
- customer and operations;
- people and organisational development; and
- strategic projects.

CORPORATE GOVERNANCE REPORT

The Enhanced I-KPB Payout is capped at 5 times of the monthly base salary in respect of the Group CEO, Group CFO and key executives.

(ii) Profit Sharing Bonus Plan ("PSB")

The PSB is a performance-based cash incentive arrangement, which is based on sharing a percentage of the Company's Profit After Tax and a percentage of the Company's Profit After Tax Improvement, which will form the "PSB Declared Incentive Pool". It excludes certain one-off expenses and is subject to performance clawback provisions. In the event that a negative incentive is declared, the negative balance is carried forward to future years for off-setting against future positive incentives before payouts can commence. Each employee will have an individual share of the "PSB Declared Incentive Pool", depending on their achievements and role in the Company and the individual's declared PSB will be paid out in full at the end of each financial year. The recipient must, at the point of payout, be in our employment.

In determining the final PSB payouts, the RC considers overall Company performance and relevant market remuneration benchmarks. For FY2015, except for two key executives who have negative bank balances due to impacted business unit performance, the ending PSB Bank Balances for Group CEO, Group CFO and the remaining key executives are zero.

Based on the RC's assessment that the actual performance of the Company in FY2015 has outperformed/fully met/partially met/not met the pre- determined targets, the resulting annual profit sharing bonus declared under the PSB has been adjusted accordingly to reflect the performance level.

(iii) Cash Retention Bonus ("CRB")

The CRB scheme was introduced for the retention of key executives given the tight retail talent market. The CRB has been paid in July 2014 and is subject to clawback should the executive leave within a pre-determined period of time (up to a maximum of 2 years).

(iv) Turnaround Incentive Plan ("TIP")

The TIP was implemented in FY2015 to motivate senior management to drive business performance in the second half of FY2015 and to retain senior management to drive future growth. 50% of the TIP award ("Recovery Cash") will be based on Courts' FY2015 Profit After Tax and individual performance, and will be paid out in June 2015. The remaining 50% of the TIP award ("Retention Cash") will vest and be paid in 2 equal tranches in June 2015 and March 2016.

(B) Share Incentive Plans ("Share-Based Incentive Plans")

(i) Share-Based Incentive Plans

(a) The Courts Performance Share Plan ("PSP")

The PSP is a share-based incentive scheme established with the objective of rewarding, motivating, and retaining a selected group of key senior management staff who shoulder the responsibility for the Group's performance and who are able to drive the growth of the Group through innovation, creativity and superior performance. Awards under the PSP are performance-based with stretched targets.

There was no award granted under the PSP in FY2015.

CORPORATE GOVERNANCE REPORT

(b) The Courts Share Appreciation Rights ("SAR") Plan

The SAR Plan aims to provide eligible employees with an opportunity to participate in the equity of our Company and to motivate them towards better performance in the long term through increased dedication and loyalty, and is designed to reward and retain employees of our Group whose services are vital to our success.

Under the SAR Plan, an award comprising a certain number of SAR is made. SAR granted has a term of 10 years from the date of grant.

Each SAR represents the right of the employees to receive fully paid Shares in the Company, cash or a combination of both, calculated based on the gain in the market value (as determined under the terms of the SAR Plan) of a Share in the Company.

There was no SAR granted in FY2015.

The aggregate number of Shares which may be issued under the Share-Based Incentive Plans, at any point in time, is subject to a maximum limit of 10% of the total issued share capital of our Company (excluding treasury shares), which is inclusive of new Shares issued by our Company under the Share-Based Incentive Plans for share grant and settlement purposes. The RC administering the Share-Based Incentive Plans may also decide to impose further annual sub-limits for each or both of the Share-Based Incentive Plans, and has currently set an annual sub-limit for granting of awards at 1.5% of our Company's issued share capital (excluding treasury Shares) for both of the Share-Based Incentive Plans.

(C) Pay-for-Performance Alignment

In FY2015, pursuant to its Terms of Reference, the RC ensured that remuneration paid to the Group CEO, Group CFO and key executives is strongly linked to the achievement of business and individual performance targets. A Pay-for-Performance Alignment study was conducted by the remuneration consultant and reviewed by the RC and it was found that there was sufficient evidence indicating Pay-for-Performance Alignment for the Company in absolute terms for the 3-year period from FY2013 to FY2015.

(D) Compensation Risk Assessment

Under the Code, the compensation system should take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. The RC has reviewed the various compensation risks that may arise and introduced mitigating policies to manage any risk exposure.

In the event of a misstatement of financial results or of misconduct resulting in financial loss to the Company as deemed by the RC, the RC may, in its absolute discretion reclaim incentive components of remuneration (via the use of contractual provisions) from executive directors and key executives.

An annual review will be conducted to account for various compensation risks that may arise in the future.

CORPORATE GOVERNANCE REPORT

Principle 9
Disclosure on Remuneration

A breakdown showing the level and mix of the two (2) Executive Directors' remuneration for FY2015 (rounded to the nearest one thousand) is disclosed in the table below:

		Cash-based Incentives						
Executive Directors	**Salary and Cash Allowances (S$'000)**	**Enhanced I-KPB (S$'000)**	**PSB Payout (S$'000)**	**CRB (S$'000)**	**TIP (S$'000)**	**DSA[1] (S$'000)**	**Benefits (S$'000)**	**Total (S$'000)**
Dr Terence Donald O'Connor	743 51%	52 3%	170 12%	200 14%	57 4%	156 11%	72 5%	1,450 100%
Ms Kee Kim Eng	509 55%	97 10%	54 6%	143 16%	28 3%	73 8%	15 2%	919 100%

[1] DSA was granted in FY2014. Please refer to the FY2014 Annual Report for details on the plan

Neither of the Executive Directors is entitled to directors' fees.

The remuneration (shown in bands of S$250,000) of top five (5) key executives (excluding the Group CEO and Group CFO who are also Executive Directors) is disclosed in the table below:

			Cash-based Incentives						
Band (S$)	**Key Executives**	**Salary and Cash Allowances**	**Enhanced I-KPB**	**PSB Payout**	**CRB**	**TIP**	**DSA[1]**	**Benefits**	**Total**
Between 750,000 to 1,000,000	Mr Chan Yuen Kiong	64%	11%	5%	10%	3%	5%	2%	100%
	Mr Timothy James Luce	64%	6%	0%	15%	3%	6%	6%	100%
Between 500,000 to 750,000	Mr Allard Frederik Sjollema	82%	5%	0%	4%	0%	0%	9%	100%
Between 250,000 to 500,000	Ms Kiranjeet Kaur	63%	10%	5%	10%	3%	6%	3%	100%
	Mr Nolan Timothy James	86%	7%	0%	0%	0%	0%	7%	100%

[1] DSA was granted in FY2014. Please refer to the FY2014 Annual Report for details on the plan.

For FY2015, the aggregate total remuneration paid to the top five (5) key executives, (excluding the Group CEO and Group CFO) amounted to S$3,135,000.

For FY2015, there was no termination and post-employment benefits granted to the Directors (including the Group CEO and the Group CFO who are Executive Directors) and top five (5) key executives other than the standard contractual notice period termination payment in lieu of service in respect of management employees.

There are no employees of the Group who are the immediate family members of a Director (including the Group CEO).

CORPORATE GOVERNANCE REPORT

It is the policy of the Company for Non-Executive Directors to be paid in a combination of appointment-based fees (which would depend on the Director's position and role) and attendance-based fees (which will depend on the Director's attendance at meetings and mode of attendance).

The fee structure for FY2015 was as follows:

Fee Component (FY2014)	**S$**
Appointment-based Fees (per annum)	
Basic Retainer Fee	
Board Chairman	90,000
Director	45,000
Fee for appointment to AC	
AC Chairman	35,000
AC Member	18,000
Fee for appointment to RC	
RC Chairman	20,000
RC Member	9,000
Fee for appointment to NC	
NC Chairman	20,000
NC Member	9,000
Attendance-based Fees	
Attendance in person (per Board Meeting)	
Local Director (in-region i.e. based in Singapore)	1,000
Overseas Director (out-region i.e. based out of Singapore)	2,500
Attendance in person (per Board Committee Meeting)	
Local Director (in-region i.e. based in Singapore)	500
Overseas Director (out-region i.e. based out of Singapore)	1,000
Attendance via alternative communication means	
Board Meeting (whether or not business hours)	500
Board Committee (whether or not business hours)	250

It is the Company's policy for Non-Executive Directors who served on the Board during FY2015 to receive 80% of their directors' fees in cash and the remaining 20% in the form of shares in the Company except for Mr Jack Hennessy and Mr Adnan A A AlBahar. This has also been approved by the shareholders of the Company at the AGM held on 30 July 2014.

The actual number of shares to be awarded will be based on the volume-weighted average price ("VWAP") of the Company's shares on the SGX-ST over the 14 trading days from (and including) the ex-dividend date following the date of the Company's AGM, rounded down to the nearest share, and with any residual balance settled in cash. However, in order to further align the interests of the Non-Executive Directors with the interests of shareholders in this regard, a Non-Executive Director is required to hold shares in the Company worth at least one-time his annual basic retainer fee based on the VWAP of the Company's share over the 14 trading days immediately after the Company's First Quarter Financial Results Announcement Date, or the total number of shares awarded to him under the above policy for FY2014 and onwards, whichever is lower, at all times during Board tenure.

CORPORATE GOVERNANCE REPORT

The four (4) Non-Executive Directors' remuneration for FY2015 is disclosed in the table below:–

	Directors' Fees		
Non-Executive Directors	Cash-based Component (S$)	Share-based Component (Number of Shares)	Share-based Component (S$)
Mr Jack Hennessy	145,000	–	–
Mr Adnan A A AlBahar	47,500	–	–
Mr Chey Chor Wai	84,804	47,341	21,198
Mr Kho Kewee	80,804	45,075	20,199

C. ACCOUNTABILITY AND AUDIT

Principle 10
Accountability

In the discharge of its duties to the shareholders, the Board seeks to provide shareholders with an analysis, explanation and assessment of the Group's performance, financial position and prospects when reporting quarterly and full year financial results.

All the Directors are provided with management accounts and such explanation and information on a monthly basis. Invitations have also been extended to all the Directors to attend the discussion of the monthly results.

Principle 11
Risk Management and Internal Controls

Principle 13
Internal Audit

The Board has enlisted the help of the AC to oversee the risk management function. In this regard, the duties of the AC include:

(a) advising the Board on the Group's risk exposure, risk appetite and risk management strategy;

(b) reviewing and guiding management in the formulation of the Group's risk management policies and in the execution of risk assessment processes and mitigation strategies; and

(c) reviewing the effectiveness of the Group's risk management systems.

Since FY2014, the Group has in place a risk management system. The Regional Head, Treasury and Risk Management reports to the Group CEO and she is invited to attend the quarterly AC meetings to present her report.

The Group also maintains a system of internal controls within the Group which focuses on financial, operational, compliance, technology controls and risk management. The Board recognises the importance of internal controls and has its own internal audit team to perform the internal audit function under an adopted Internal Audit Charter.

The internal audit function is staffed with people with the relevant qualifications and experience, and the internal auditors carry out their functions according to the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel.

CORPORATE GOVERNANCE REPORT

The Regional Head of Internal Audit reports directly to the AC, although she also reports to the Group CEO on an administrative basis. As mentioned, she also attends the quarterly AC meetings at which she presents her internal audit reports. Any material non-compliance and internal control weaknesses identified in the course of internal audit will be reported to the AC Chairman as soon as practicable for the action of the AC Chairman as deem appropriate. As the AC receives the internal audit reports at the quarterly AC meetings, it also looks at the adequacy and effectiveness of the internal audit function at each meeting.

The AC has received written assurance from the Group CEO and the Group CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board reviews annually the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the management, various Board Committees and the Board, and the written assurance from the Group CEO and the Group CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing key financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 31 March 2015.

Principle 12
Audit Committee

The AC comprises the following members, majority of whom are Independent Non-Executive Directors and all of whom are Non-Executive Directors:

Mr Chey Chor Wai *(Chairman)*
Mr Kho Kewee *(Member)*
Mr Jack Hennessy *(Member)*

The AC has adopted written terms of reference defining its membership, administration and duties.

The duties and responsibilities of the AC include, amongst others:

(a) reviewing the financial statements of the Group including quarterly and full-year results before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, significant adjustments resulting from the audit, compliance with accounting standards and compliance with disclosure requirements of the SGX-ST Listing Manual;

(b) reviewing the effectiveness of the internal control and risk management systems established by the management to identify, assess, manage and disclose financial and non-financial risks and also reviewing the Group's procedures for detecting fraud and whistleblowing, and ensuring that arrangements are in place by which staff may in confidence raise their concern;

(c) reviewing and monitoring the role and effectiveness of the internal audit function;

(d) reviewing the effectiveness and adequacies of the internal controls and procedures, including accounting and financial, operational, compliance and information technology controls and procedures and ensure co-ordination between the external auditors and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);

CORPORATE GOVERNANCE REPORT

(e) overseeing the Group's relations with the external auditors and to monitor and assess the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Group, the AC would keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

(f) considering the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;

(g) reviewing and discussing with the internal and external auditors 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 or financial position, and the Management's response;

(h) reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual; and

(i) reviewing potential conflicts of interest, if any.

The Company has in place a set of whistle blowing policies. The AC is authorised by the Board to investigate any matter within its terms of reference and to engage external consultants to provide advice to the AC at the cost of the Company. In discharging its duties, it has full access to the Management and has full discretion to invite any Director or Executive Director to attend its meetings.

The Board is of the view that all the AC members are appropriately qualified to discharge their responsibilities. The profiles of the AC members can be found on page 23 to 26 of this Annual Report.

The AC held a total of four (4) meetings in FY2015. The Executive Directors (who are also the Group CEO and Group CFO) as well as the Finance Director and the external auditors attended all the AC meetings. The Regional Head, Treasury and Risk Management and the Regional Head of Internal Audit were also at the meetings to present their reports. On 27 May 2015, the AC met separately with the Regional Head of Internal Audit and the external auditors without the presence of the management.

In reviewing the independence of PricewaterhouseCoopers LLP ("PwC"), the Company's external auditors, the AC had noted that the total amount of fees paid to PwC in FY2015 was S$561,258 out of which S$175,737 is for non-audit services and S$385,521 is for audit services. In relation to the non-audit fees, the AC noted that these were for services relating to tax, comfort letters in relation to the Multicurrency Debt Issuance Programme and some miscellaneous services. The external auditors have also explained to the AC its internal procedures to maintain and ensure its independence. Having considered the nature of the non-audit services, PwC's internal procedures to maintain independence and with their assurance of their independence, the AC was of the view that PwC is independent.

The AC has recommended the re-appointment of PwC as the Company's external auditors for the financial year ending 31 March 2016.

To keep abreast of changes to the accounting standards and issues which have a direct impact on the Group's financial statements, the AC members have taken steps to attend courses and seminars, and where appropriate, at the expense of the Company.

CORPORATE GOVERNANCE REPORT

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14
Shareholder Rights

Principle 15
Communication with Shareholders

The Company values transparent and timely communication with the investing community. Timely, as well as adequate disclosure is made to the public via the SGXNET in compliance with SGX-ST guidelines to ensure that the shareholders are kept informed of the Group's developments and performance.

The Group CEO and/or the Group CFO meet with the investors, fund managers and analysts as well as make an effort to participate in relevant overseas investor roadshows at least once a year to gather feedback and to understand their views on the Company. The Group CEO reports the list of investor activities and the feedback gathered from these events to the Board at the quarterly Board meeting. The Company also responds to enquiries from investors, analysts, fund managers and the press. The investor relations team can be reached at ir@courts.com.sg and they endeavour to respond to emails within 36 hours as far as possible.

The Company presently does not allow corporations which provide nominee or custodial services to appoint more than two proxies, pending the amendments to the Companies Act, Cap 50.

The Company does not have a dividend policy.

At the Board Meeting held in May 2015, the Board has proposed a final dividend of a payout ratio of approximately 40.0% of the profit after tax for FY March 2015, subject to shareholders' approval at the upcoming Annual General Meeting on 28 July 2015.

Principle 16
Conduct of Shareholders Meetings

The AGM is a platform for the shareholders to share their views and to meet with the Board of Directors as well as the senior management. The Directors and the senior management personnel have made their commitment to attend the AGM to meet with the shareholders and to answer any queries that the shareholders might have. The external auditors will be present at the AGM to address any shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report.

The Board has also decided that all the resolutions put to the vote at the forthcoming AGM would be voted on by poll and the detailed results of the poll will be released to the public via SGXNET.

The minutes of general meetings will be made available to shareholders upon request.

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES
[Listing Manual, Rule 1207(19)]

In line with Rule 1207(19) of the Listing Manual as well as insider trading laws in Singapore, the Company has in place a policy prohibiting share dealings by Directors and key employees of the Company for two weeks before the announcement of the Group's first three quarter financial results and one month before the release of the Group's full year financial results.

CORPORATE GOVERNANCE REPORT

The Directors and key employees are also expected to observe insider trading laws at all times, even when dealing in securities outside of the prohibited periods. In addition, they are also discouraged from dealing the Company's securities on short term considerations.

INTERESTED PERSON TRANSACTIONS
[Listing Manual, Rule 907]

There were no interested person transactions in FY2015.

MATERIAL CONTRACTS
[Listing Manual, Rule 1207(8)]

There were no material contracts of the Company or its subsidiaries involving the interest of the Group CEO, or any Director or controlling shareholder, which was subsisting at the end of FY2015 or entered into since the end of FY2015.

AUDITING FIRMS
[Listing Manual, Rule 1207(6)(c)]

The Group has complied with Rule 712 and 715 in relation to auditing firms.

USE OF IPO PROCEEDS
[Listing Manual, Rule 1207(20)]

The Company had successfully raised net proceeds of approximately S$43.8 million (excluding S$86.2 million net proceeds from the sale of the vendor shares) on 12 October 2012.

A total of S$27.1 million has been invested from the date of incorporation of PT Courts Retail Indonesia ("PTCRI") up to 31 March 2015. The balance of the proceeds has been placed in short term deposits with banks and will be used for expansion into the Indonesia market.

SUSTAINABILITY REPORT
[Principle 1.1 of the Code]

Please refer to the section on Sustainability Report on pages 30 and 31 of this Annual Report.

FINANCIAL CONTENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2015 and the balance sheet of the Company as at 31 March 2015.

DIRECTORS

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

Jack Hennessy
Terence Donald O'Connor
Kee Kim Eng
Adnan Abdul Aziz Albahar
Chey Chor Wai
Kho Kewee

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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, other than as disclosed under "Directors' interests in shares, share options or debentures" in this report.

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS OR DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.03.2015	**At 1.04.2014**	**At 31.03.2015**	**At 1.04.2014**
Company				
No. of ordinary shares				
Terence Donald O'Connor	**17,228,400**	16,984,800	**–**	–
Kee Kim Eng	**1,771,525**	1,657,050	**–**	–
Adnan Abdul Aziz Albahar	**1,014,638**	1,010,723	**–**	–
Chey Chor Wai	**67,659**	23,823	**–**	–
Kho Kewee	**64,243**	22,478	**–**	–
Share Appreciation Rights				
Kee Kim Eng	**1,583,560**	1,583,560	**–**	–
Deferred Shares Award				
Terence Donald O'Connor	**–**	200	**–**	–
Kee Kim Eng	**183,175**	297,650	**–**	–

(b) The directors' interests in the ordinary shares of the Company as at 21 April 2015 were the same as those as at 31 March 2015.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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 as disclosed in the accompanying financial statements and in this report, and except that Mr Jack Hennessy has an employment relationship with one of the shareholders of the ultimate holding corporation, and has received remuneration in that capacity.

SHARE OPTIONS

Courts Pre-IPO Share Acquisition Rights Plan ("the Plan")

(a) Share appreciation rights ("SAR") represent the right to receive fully-paid ordinary shares of the Company at zero exercise price. The Plan of the Company was approved by the Board and Remuneration Committee held on 22 November 2012 and is administered by the Remuneration Committee.

(b) Persons eligible to participate in the Plan are selected Group employees of such rank and service period as the Remuneration Committee may determine, and other participants selected by the Remuneration Committee.

(c) SAR granted under the Plan are conditional and will be principally performance-based with performance conditions to be set over a multi-year performance period. Performance conditions include both market and non-market conditions. Performance conditions set are intended to be based on medium-to-longer-term corporate objectives covering market competitiveness, quality of returns, business growth, productivity growth and total shareholder return objectives.

(d) The Plan contemplates the award of fully-paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met and upon expiry of the prescribed vesting periods. The number of fully-paid ordinary shares of the Company to be awarded under the Plan is determined at the date of exercise. At the date of exercise, if the share price is higher than the grant date share price, the excess is the value for conversion into an equivalent number of fully-paid ordinary shares issued at the exercise date share price. In the event that the share price at the time of exercise is equal or less than the grant date share price, no shares will be awarded to the Group employees.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

SHARE OPTIONS (CONTINUED)

Courts Pre-IPO Share Acquisition Rights Plan ("the Plan") (Continued)

Total number of SAR outstanding under the Plan as at 31 March 2015 is 4,511,560.

	No. of persons	No. of SAR under the Plan As at 31 March 2015	Exercise period
Category			
Executive Director	1	1,583,560	15.10.2013 – 15.10.2026
Employee	4	2,928,000	15.10.2013 – 15.10.2026

Courts Strategic Deferred Share Award ("DSA")

(a) One DSA represents the right to receive one fully-paid ordinary share of the Company at zero exercise price. The DSA of the Company was approved by the Board and Remuneration Committee held on 28 May 2013 and is administered by the Remuneration Committee.

(b) Persons eligible to participate in the Plan are selected Group employees of such rank and service period as the Remuneration Committee may determine, and other participants selected by the Remuneration Committee.

(c) Awards granted under the DSA are conditional that the employees remain in service at the final vesting date on 19 November 2015.

(d) The DSA award the employees fully-paid ordinary shares of the Company, free of charge, provided that the employees remain in service at the expiry of the prescribed vesting periods.

Total number of outstanding DSA as at 31 March 2015 is 492,400.

	No. of persons	No. of DSA As at 31 March 2015	Exercise period
Category			
Executive Director	1	183,175	19.11.2013 – 19.11.2015
Employee	3	309,225	19.11.2013 – 19.11.2015

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Chey Chor Wai (Chairman) (Independent and non-executive)
Jack Hennessy (Non-executive)
Kho Kewee (Independent and non-executive)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

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

On behalf of the directors

TERENCE DONALD O'CONNOR
Director

KEE KIM ENG
Director

26 June 2015

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 57 to 110 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

TERENCE DONALD O'CONNOR
Director

KEE KIM ENG
Director

26 June 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COURTS ASIA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Courts Asia Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 110, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 March 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and 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 ended on that date.

INDEPENDENT AUDITOR'S REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore,

26 June 2015

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2015 $'000	2014 $'000
Revenue	4	**758,549**	830,263
Cost of sales	5	**(509,603)**	(574,098)
Gross profit		**248,946**	256,165
Other income and other gains/(losses) – net	4	**5,379**	5,084
Expenses			
– Distribution and marketing	5	**(59,513)**	(63,675)
– Administrative	5	**(148,399)**	(137,222)
– Finance	7	**(24,497)**	(22,351)
Profit before income tax		**21,916**	38,001
Income tax expense	8	**(4,554)**	(9,691)
Net profit		**17,362**	28,310
Earnings per share for results attributable to the equity holders of the Company (cents per share)			
– Basic	9	**3.16**	5.08
– Diluted		**3.15**	5.08

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 $'000	2014 $'000
Net profit		**17,362**	28,310
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	22	**(6,303)**	(6,864)
Fair value loss on hedging reserve	22	**(936)**	–
Total comprehensive income		**10,123**	21,446

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

BALANCE SHEETS

AS AT 31 MARCH 2015

	Note	The Group 2015 $'000	The Group 2014 $'000	The Company 2015 $'000	The Company 2014 $'000
ASSETS					
Current assets					
Cash and bank balances	10	**114,219**	114,951	**18,620**	47,894
Trade and other receivables	11(a)	**260,489**	227,983	**49,128**	38,543
Inventories	12	**83,604**	89,784	**–**	–
Income tax recoverable	8(b)	**3,035**	1,106	**–**	–
		461,347	433,824	**67,748**	86,437
Non-current assets					
Trade and other receivables	11(b)	**246,882**	260,181	**78,932**	70,000
Investments in subsidiaries	13	**–**	–	**228,114**	213,205
Property, plant and equipment	14	**26,778**	28,846	**–**	–
Intangible assets	15	**24,531**	23,856	**20,065**	20,065
Deferred income tax assets	16	**2,202**	1,257	**–**	–
		300,393	314,140	**327,111**	303,270
Total assets		**761,740**	747,964	**394,859**	389,707
LIABILITIES					
Current liabilities					
Derivative financial instruments	19	**225**	–	**–**	–
Trade and other payables	17(a)	**122,213**	127,433	**3,406**	3,155
Current income tax liabilities	8(b)	**4,011**	4,105	**2,474**	2,174
Borrowings	18	**1,650**	1,200	**464**	–
Deferred income		**2,144**	3,664	**–**	–
		130,243	136,402	**6,344**	5,329
Non-current liabilities					
Derivative financial instruments	19	**619**	55	**–**	–
Trade and other payables	17(b)	**345**	163	**–**	–
Borrowings	18	**327,550**	306,831	**127,275**	124,098
Deferred income		**2,071**	3,290	**–**	–
Deferred income tax liabilities	16	**4,057**	2,435	**3,283**	2,507
		334,642	312,774	**130,558**	126,605
Total liabilities		**464,885**	449,176	**136,902**	131,934
NET ASSETS		**296,855**	298,788	**257,957**	257,773
EQUITY					
Share capital	21	**265,332**	265,332	**265,332**	265,332
Treasury shares	21	**(10,348)**	(2,544)	**(10,348)**	(2,544)
Other reserves	22	**(24,298)**	(17,031)	**(23,625)**	(23,597)
Retained profits		**66,169**	53,031	**26,598**	18,582
Total equity		**296,855**	298,788	**257,957**	257,773

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

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Currency translation reserve $'000	Capital reserve $'000	Hedging reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 April 2014		265,332	(2,544)	855	(23,902)	6,016	–	53,031	298,788
Profit for the year		–	–	–	–	–	–	17,362	17,362
Other comprehensive income for the year		–	–	–	(6,303)	–	(936)	–	(7,239)
Total comprehensive income for the year		–	–	–	(6,303)	–	(936)	17,362	10,123
Purchase of treasury shares	21(a)	–	(8,140)	–	–	–	–	–	(8,140)
Treasury shares reissued	21(b)	–	336	(282)	–	(54)	–	–	–
Share-based compensation	22	–	–	308	–	–	–	–	308
Dividends	23	–	–	–	–	–	–	(4,224)	(4,224)
Total transactions with owners, recognised directly in equity		–	(7,804)	26	–	(54)	–	(4,224)	(12,056)
Balance at 31 March 2015		**265,332**	**(10,348)**	**881**	**(30,205)**	**5,962**	**(936)**	**66,169**	**296,855**
Balance at 1 April 2013		265,332	–	401	(17,038)	6,148	–	34,632	289,475
Profit for the year		–	–	–	–	–	–	28,310	28,310
Other comprehensive income for the year		–	–	–	(6,864)	–	–	–	(6,864)
Total comprehensive income for the year		–	–	–	(6,864)	–	–	28,310	21,446
Purchase of treasury shares	21(a)	–	(3,545)	–	–	–	–	–	(3,545)
Treasury shares reissued	21(b)	–	1,001	(869)	–	(132)	–	–	–
Share-based compensation	22	–	–	1,323	–	–	–	–	1,323
Dividends	23	–	–	–	–	–	–	(9,911)	(9,911)
Total transactions with owners, recognised directly in equity		–	(2,544)	454	–	(132)	–	(9,911)	(12,133)
Balance at 31 March 2014		265,332	(2,544)	855	(23,902)	6,016	–	53,031	298,788

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 $'000	2014 $'000
Cash flows from operating activities			
Net profit		**17,362**	28,310
Adjustments for:			
– Income tax expense		**4,554**	9,691
– Depreciation and amortisation		**13,838**	12,611
– Amortisation of deferred income		**(3,378)**	(4,376)
– Interest expense		**20,956**	19,547
– Interest income		**(2,634)**	(2,154)
– Amortisation of borrowing costs		**1,733**	1,698
– Loss on disposal of property, plant and equipment, net		**17**	86
– Share-based compensation		**308**	1,323
– Changes in fair value of derivative financial instruments		**(55)**	(25)
Operating cash flow before working capital changes		**52,701**	66,711
Changes in working capital			
– Inventories		**6,180**	(16,719)
– Trade and other receivables		**(19,164)**	(41,868)
– Trade and other payables		**(6,775)**	(1,531)
Cash generated from operations		**32,942**	6,593
Income tax paid (net)		**(5,965)**	(8,159)
Foreign currency translation differences		**(4,516)**	(6,038)
Net cash generated from/(used in) operating activities		**22,461**	(7,604)
Cash flows from investing activities			
Additions to property, plant and equipment		**(11,317)**	(18,508)
Additions to intangible assets		**(2,293)**	(1,474)
Proceeds from sale of property, plant and equipment		**431**	273
Interest received		**2,592**	2,158
Net cash used in investing activities		**(10,587)**	(17,551)
Cash flows from financing activities			
Proceeds from bond issue		**–**	123,661
Proceeds from syndicated senior loan		**5,407**	11,558
(Repayment of)/additions to finance lease liabilities – net		**(669)**	1,608
Proceeds from/(repayment of) term loan		**8,156**	(13,750)
Proceeds from/(repayment of) loan received on asset securitisation		**6,579**	(41,054)
Decrease in fixed deposits pledged as securities for banking facilities		**3,881**	1,370
Interest paid		**(18,516)**	(17,123)
Purchase of treasury shares		**(8,140)**	(3,545)
Dividends paid		**(4,224)**	(9,911)
Net cash (used in)/provided by financing activities		**(7,526)**	52,814
Net increase in cash and cash equivalents		**4,348**	27,659
Cash and cash equivalents at beginning of financial year		**109,234**	81,898
Effects of currency translations on cash and bank balances		**(1,199)**	(323)
Cash and cash equivalents at end of financial year	10	**112,383**	109,234

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 accompanying financial statements.

1. GENERAL INFORMATION

Courts Asia Limited (the "Company"), which is incorporated and domiciled in Singapore, is listed on the Singapore Exchange. The address of its registered office is 50 Tampines North Drive 2, Singapore 528766.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 31 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

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

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

2.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue on credit sales and cash sales is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (Continued)

(b) Rendering of services

Service charges on credit sales are recognised over the credit period at a constant periodic rate of return on the outstanding receivables. The difference between the gross receivables and the present value of the receivables is recognised as unearned service charges.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

2.3 Group accounting

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

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

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of cost

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line or reducing balance method to allocate the depreciable amounts over their estimated useful lives. The basis of depreciation and estimated useful lives are as follows:

	Basis of depreciation	Useful lives
Furniture, fixtures, fittings and equipment	Straight-line	3 – 10 years
Motor vehicles	Reducing balance	3 years

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

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

2.5 Intangible assets

(a) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

The amortisation period and amortisation method of acquired computer software licences are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

(b) Acquired trademark

Trademarks acquired in a business combination are initially recognised separately at fair value. The Courts trademarks in Singapore and Malaysia are regarded as having indefinite useful lives, as management is expecting to continue the related business indefinitely and those trademarks are leaders in their markets. Such trademarks are not amortised and are tested for impairment annually (Note 2.8).

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to be ready for its intended use.

2.7 Investments in subsidiaries

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

2.8 Impairment of non-financial assets

Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Intangible assets with indefinite useful life are tested for impairment annually.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (Continued)

Intangible assets
Property, plant and equipment
Investments in subsidiaries (Continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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

2.9 Bank balances
Trade and other receivables

Bank balances and trade and other receivables are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

Management reviews the Group's trade receivables for objective evidence of impairment at least quarterly. An allowance for impairment is established when there is objective evidence that the trade receivables have been impaired.

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

For trade receivables impairment loss is determined based on the review of the current status of the existing receivables and historical collection experience. Since the Group has a diversified customer base with a large number of individuals, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade and other receivables are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

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

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if the payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.12 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently carried at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group's borrowings expose it to the financial risks of changes in interest rates.

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to floating interest rates on its bank borrowings. These contracts oblige the Group to pay interest at fixed rates on notional principal amounts and entitle the Group to receive interest at floating rates on the same notional principal amounts, thus allowing the Group to raise these borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The carrying amount of interest rate swaps is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leases

(a) When the Group is the lessee:

The Group leases retail sites, offices and warehouses under operating leases from non-related parties. The Group also leases certain furniture, fixtures, fittings and equipment under finance leases from non-related parties.

(i) Lessee – Operating leases

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

Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) Lessee – Finance leases

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

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

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

(b) When the Group is the lessor:

The Group sub-leases retail sites and outlets under operating leases to non-related parties.

Lessor – Operating leases

Leases of sub-lease properties to non-related parties are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Income taxes

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss 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.

2.17 Deferred income

Suppliers' contributions for the purchase of plant and equipment are recorded initially as deferred income. Deferred income is then recognised in profit or loss over the periods necessary to match the depreciation of the plant and equipment purchased with suppliers' contributions. Upon disposal of these assets, any outstanding amount in deferred income will be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation

(a) Defined benefit plan

A defined benefit plan is a post-employment benefit pension plan other than defined contribution plans. A defined benefit plan typically defines the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date, in accordance with labour laws of the country. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering that currently there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related post-employment benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

(b) Defined contribution plans

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

(c) Employee leave entitlement

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

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation (Continued)

(e) Share-based compensation

(i) Courts Pre-IPO Share Appreciation Rights Plan ("the Plan")

Share appreciation right ("SAR") represents the right to receive fully-paid ordinary shares of the Company at zero exercise price.

The fair value of the SAR at the grant date is recognised as a share-based compensation expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period.

The number of fully-paid ordinary shares of the Company to be awarded under the Plan is determined at the date of exercise. At the date of exercise, if the share price is higher than the grant date share price, the excess is the value for conversion into an equivalent number of fully-paid ordinary shares issued at the exercise date share price. In the event that the share price at the time of exercise is equal or less than the grant date share price, no shares will be awarded to the participants.

If the performance condition is a market condition, the probability of the performance condition being met is taken into account in estimating the fair value of the ordinary shares granted at the grant date. The compensation cost shall be charged to the profit or loss on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the Plan over the prescribed vesting periods from the date of grant. No adjustments to the amounts charged to the profit or loss are made whether or not the market condition is met.

For SAR grants with non-market conditions, the Company revises its estimates of the number of SAR expected to vest and corresponding adjustments are made to the profit or loss and share option reserve. The Company assesses this change at the end of each financial reporting period.

(ii) Courts Strategic Deferred Share Award ("the DSA")

The DSA represents the right to receive fully paid ordinary shares of the Company at zero exercise price. The DSA awards the employees fully-paid ordinary shares of the Company, free of charge, provided that employees remained in service at the expiry of the prescribed vesting periods.

The fair value of the award granted is recognised as a share-based compensation expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The fair value amount is determined by reference to the fair value of the award at grant date. The number of fully paid ordinary shares to be awarded under the DSA is determined at the grant date.

The DSA is a time-based share award without performance conditions. The vesting of the DSA is conditional on the employees remaining in service at the expiry of the prescribed vesting period. Once they have vested, each DSA is converted into a fully-paid ordinary share of the Company at zero exercise price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rate (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 currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are classified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Segment reporting

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

2.21 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.22 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the carrying amounts are netted off against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.23 Dividends to Company's shareholders

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

2.24 Offsetting financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Fair value estimation of financial assets and liabilities

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

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

The fair values of interest rate swaps and interest rate caps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Critical accounting estimates and assumptions

(a) Impairment of trade receivables

Management reviews the Group's trade receivables (Note 11) for objective evidence of impairment at least quarterly. An allowance for impairment is established when there is objective evidence that the trade receivables have been impaired.

Since the Group has a diversified customer base with a large number of individuals, for purpose of collective evaluation of impairments, receivables are grouped based on similar credit characteristics.

Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Impairment of trademarks

Trademarks with indefinite lives are tested for impairment annually and whenever there is indication that the trademarks may be impaired.

The recoverable amounts of the trademarks have been determined based on value-in-use calculations. Determining value-in-use requires estimating future cash flows and using an appropriate discount rate to derive the present value (Note 15).

Significant assumptions and judgements are involved in estimating cash flows based on prospective financial and non-financial information and in determining the appropriate discount rate. Accordingly, actual outcome can be different from projections since anticipated events frequently do not occur as expected and the variations may be material.

Based on the value-in-use calculations, the recoverable amounts are above the carrying amounts of the trademarks as at the balance sheet date and management is of the view that there is no impairment loss.

A reasonable change in the parameters used in the calculations would not cause any of the recoverable amounts to fall below the carrying amounts at the CGU level.

4. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES) – NET

	The Group	
	2015	**2014**
	$'000	**$'000**
Sale of goods	**621,962**	689,675
Service charges	**134,511**	145,728
Transfer from/(to) unearned service charges – net	**2,076**	(5,140)
Earned service charges	**136,587**	140,588
Revenue	**758,549**	830,263
Rental income	**1,054**	774
Interest income	**2,634**	2,154
Other	**1,653**	2,217
Other income	**5,341**	5,145
Loss on disposal of property, plant and equipment (net)	**(17)**	(86)
Change in fair value of derivative financial instruments	**55**	25
Other gains/(losses)	**38**	(61)
Other income and other gains/(losses) – net	**5,379**	5,084

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

5. EXPENSES BY NATURE

	The Group	
	2015	**2014**
	$'000	**$'000**
Purchases of inventories	**468,717**	519,488
Changes in inventories	**(4,943)**	8,008
Employee compensation *(Note 6)*	**72,306**	73,757
Impairment loss on trade receivables *(Note 25(b)(ii))*	**25,348**	20,081
Rental on operating leases	**41,861**	38,833
Contingent rental on operating leases	**4,979**	6,161
Advertising	**26,887**	27,202
Depreciation of property, plant and equipment *(Note 14)*	**12,297**	11,356
Amortisation of intangible assets *(Note 15(a))*	**1,541**	1,255
Audit fees:		
– Auditor of the Company	**386**	336
Non-audit fees:		
– Auditor of the Company	**176**	248
Other	**67,960**	68,270
Total cost of sales, distribution and marketing, and administrative expenses	**717,515**	774,995

6. EMPLOYEE COMPENSATION

	The Group	
	2015	**2014**
	$'000	**$'000**
Wages and salaries	**60,535**	61,097
Employer's contributions to defined contribution plans	**8,402**	8,211
Share-based compensation *(Note 22)*	**308**	1,323
Defined benefit plans *(Note 17(c))*	**185**	–
Other benefits	**2,876**	3,126
	72,306	73,757

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

7. FINANCE EXPENSE

	The Group	
	2015	**2014**
	$'000	**$'000**
Interest expense:		
– borrowings	**20,854**	19,468
– amortisation of borrowing cost	**1,733**	1,698
– finance lease liabilities	**102**	79
Currency translation loss – net	**1,808**	1,106
	24,497	22,351

8. INCOME TAX

(a) Income tax expense

	The Group	
	2015	**2014**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
– Singapore	**3,866**	3,685
– Foreign	**–**	3,190
	3,866	6,875
Deferred income tax *(Note 16)*		
– Singapore	**689**	1,479
– Foreign	**383**	908
	1,072	2,387
Tax charge	**4,938**	9,262
Under/(over) provision in prior financial years:		
Current income tax		
– Singapore	**(120)**	169
– Foreign	**132**	260
	12	429
Deferred income tax *(Note 16)*		
– Singapore	**(98)**	–
– Foreign	**(298)**	–
	(396)	–
Total income tax expense	**4,554**	9,691

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

8. INCOME TAX (CONTINUED)

(a) Income tax expense (Continued)

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

	The Group	
	2015	2014
	$'000	$'000
Profit before income tax	**21,916**	38,001
Tax calculated at tax rate of 17% (2014: 17%)	**3,726**	6,460
Effects of:		
– Different tax rates in other countries	**(266)**	981
– Expenses not deductible for tax purposes	**2,025**	1,962
– Income not subject to tax	**(113)**	(127)
– Productivity and innovation tax incentives	**(434)**	(199)
– Deferred tax assets not recognised	**–**	185
Tax charge	**4,938**	9,262

(b) Movement in current income tax liabilities/(tax recoverable)

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Beginning of financial year	**2,999**	3,846	**2,174**	2,297
Income tax paid	**(5,965)**	(8,159)	**(1,897)**	(2,790)
Tax expense on profit for the year	**3,866**	6,875	**2,297**	2,384
Under/(over) provision in prior financial years	**12**	429	**(100)**	283
Currency translation differences	**64**	8	**–**	–
	976	2,999	**2,474**	2,174
Represented by:				
Current income tax recoverable	**(3,035)**	(1,106)	**–**	–
Current income tax liabilities	**4,011**	4,105	**2,474**	2,174
	976	2,999	**2,474**	2,174

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

9. EARNINGS PER SHARE

Earnings per share is calculated by dividing net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding ordinary shares held as treasury shares *(Note 21)*, during the financial year:

	2015		**2014**	
	Basic	**Diluted**	**Basic**	**Diluted**
	$'000	**$'000**	**$'000**	**$'000**
Net profit attributable to equity holders of the Company	**17,362**	**17,362**	28,310	28,310
	Number of shares		**Number of shares**	
	'000	**'000**	**'000**	**'000**
Number of shares before new shares	**555,716**	**555,716**	560,000	560,000
Treasury shares	**(5,547)**	**(5,547)**	(3,222)	(3,222)
Adjustment for assumed issue of shares under DSA	**–**	**492**	–	419
Weighted average number of shares used to compute earnings per share	**550,169**	**550,661**	556,778	557,197
Earnings per share (cents)	**3.16**	**3.15**	5.08	5.08

For the purposes of calculating the diluted earnings per share, the potential number of ordinary shares determined as at 31 March 2015 for the total SAR and the DSA granted was nil (2014: nil) and 492,400 (2014: 1,005,100) respectively.

10. CASH AND BANK BALANCES

	The Group		**The Company**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**79,998**	79,812	**1,620**	17,815
Fixed deposits with financial institutions	**34,221**	35,139	**17,000**	30,079
	114,219	114,951	**18,620**	47,894

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

	The Group	
	2015	**2014**
	$'000	**$'000**
Cash and bank balances (as above)	**114,219**	114,951
Less: Deposits placed as security for certain bank borrowings and performance guarantees	**(1,836)**	(5,717)
Cash and cash equivalents per consolidated statement of cash flows	**112,383**	109,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

11. TRADE AND OTHER RECEIVABLES

(a) Current

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
– Non-related parties (including unearned service charges)	**273,125**	244,712	**–**	–
Less: Unearned service charges	**(30,904)**	(39,021)	**–**	–
	242,221	205,691	**–**	–
Less: Allowance for impairment of receivables	**(12,063)**	(11,796)	**–**	–
Trade receivables – net	**230,158**	193,895	**–**	–
Other trade receivables	**15,058**	15,766	**–**	–
Non-trade receivables:				
– Loans to subsidiary	**–**	–	**16,700**	–
– Subsidiaries	**–**	–	**32,041**	38,392
– Ultimate holding corporation	**61**	61	**61**	61
– Other receivables	**5,084**	6,885	**–**	8
	20,203	22,712	**48,802**	38,461
Rental and other deposits	**6,234**	6,586	**–**	–
Prepayments:				
– Prepayment of life insurance premium *(Note 11(c))*	**97**	–	**97**	–
– Other prepayments	**3,797**	4,790	**229**	82
	260,489	227,983	**49,128**	38,543

Non-trade receivables from ultimate holding corporation are unsecured, interest-free and repayable on demand. Non-trade receivables and loans from subsidiaries are unsecured, interest bearing at 5% (2014: 5%) per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-current

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
– Non-related parties (including unearned service charges)	**285,392**	302,186	**–**	–
Less: Unearned service charges	**(35,125)**	(32,194)	**–**	–
	250,267	269,992	**–**	–
Less: Allowance for impairment of trade receivables	**(11,423)**	(11,682)	**–**	–
Trade receivables – net	**238,844**	258,310	**–**	–
Rental and other deposits	**3,606**	1,871	**–**	–
Loans to subsidiaries	**–**	–	**74,500**	70,000
Prepayment of life insurance premium *(Note 11(c))*	**854**	–	**854**	–
Cash value receivable from life insurance *(Note 11(c))*	**3,578**	–	**3,578**	–
	246,882	260,181	**78,932**	70,000

Non-current trade receivables are due within five years from the balance sheet date.

The loans to subsidiaries by the Company are unsecured and interest bearing at 5%-6% (2014: 5%-6%) per annum. The fair value of the loans to subsidiaries approximate the carrying amount and is computed based on cash flows discounted at market rates at 5%-6% (2014: 5%-6%) per annum.

(c) Prepayment of life insurance premium and cash value receivable

This relates to prepayment of life insurance premium for selected senior executives of the Company where the Company is the beneficiary, and cash value receivable from life insurance which represents the surrender cash value of the policy as at balance sheet date.

The life insurance policies, proceeds of any repayment of return of premiums by the insurer and proceeds of any payment to the Company under or in connection with the insurance policy has been charged by way of first legal assignment to a financial institution (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Prepayment of life insurance premium and cash value receivable (Continued)

	The Group and the Company	
	2015	**2014**
	$'000	**$'000**
Prepayment of life insurance premium		
– Included within other current assets *(Note 11(a))*	**97**	–
– Included within other non-current assets *(Note 11(b))*	**854**	–
Cash value receivable		
– Included within other non-current assets *(Note 11(b))*	**3,578**	–

12. INVENTORIES

	The Group	
	2015	**2014**
	$'000	**$'000**
Finished goods	**83,604**	89,784

As at 31 March 2015, inventories of a subsidiary are subject to a fixed charge as security for borrowings (Note 18(a)(iii)).

13. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	**213,205**	203,069
Additions	**14,909**	10,136
End of financial year	**228,114**	213,205

During the year, there was an increase in investment in a wholly owned subsidiary in Indonesia due to injection of share capital amounting to $14,909,000 (2014: $10,136,000).

Details of significant subsidiaries are set out in Note 31.

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14. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures fittings and equipment $'000	Motor vehicles $'000	Total $'000
2015			
The Group			
Cost			
Beginning of financial year	**79,241**	**101**	**79,342**
Additions	**11,317**	**–**	**11,317**
Disposals	**(4,070)**	**(58)**	**(4,128)**
Currency translation differences	**(1,562)**	**(2)**	**(1,564)**
End of financial year	**84,926**	**41**	**84,967**
Accumulated depreciation			
Beginning of financial year	**50,397**	**99**	**50,496**
Depreciation charge	**12,297**	**–**	**12,297**
Disposals	**(3,622)**	**(58)**	**(3,680)**
Currency translation differences	**(922)**	**(2)**	**(924)**
End of financial year	**58,150**	**39**	**58,189**
Net book value			
At 31 March 2015	**26,776**	**2**	**26,778**
2014			
The Group			
Cost			
Beginning of financial year	66,902	105	67,007
Additions	18,508	–	18,508
Disposals	(4,930)	–	(4,930)
Currency translation differences	(1,239)	(4)	(1,243)
End of financial year	79,241	101	79,342
Accumulated depreciation			
Beginning of financial year	44,370	102	44,472
Depreciation charge	11,355	1	11,356
Disposals	(4,576)	–	(4,576)
Currency translation differences	(752)	(4)	(756)
End of financial year	50,397	99	50,496
Net book value			
At 31 March 2014	28,844	2	28,846

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Included in additions in the Group's property, plant and equipment, are furniture, fixture and fittings acquired under finance lease of $801,000 (2014: $1,595,000). The carrying amount of furniture, fixtures and fittings under finance leases are $2,127,000 (2014: $1,798,000) at the balance sheet date.

(b) Property, plant and equipment with a net book value of $14,019,000 (2014: $15,393,000) is subject to a fixed charge as security for a Malaysia subsidiary's borrowings (Note 18(a)(iii)).

15. INTANGIBLE ASSETS

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Composition:				
Computer software licences *(Note 15(a))*	**4,466**	3,791	**–**	–
Trademarks *(Note 15(b))*	**20,065**	20,065	**20,065**	20,065
Net book value	**24,531**	23,856	**20,065**	20,065

	The Group	
	2015	**2014**
	$'000	**$'000**
(a) *Computer software licences*		
Beginning of financial year	**3,791**	3,645
Additions	**2,293**	1,474
Disposal	**–**	(5)
Amortisation *(Note 5)*	**(1,541)**	(1,255)
Currency translation differences	**(77)**	(68)
End of financial year	**4,466**	3,791
Cost	**14,748**	12,683
Accumulated amortisation	**(10,282)**	(8,892)
Net book value	**4,466**	3,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

15. INTANGIBLE ASSETS (CONTINUED)

(b) *Trademarks*

	The Group and the Company 2015 $'000	The Group and the Company 2014 $'000
Beginning and end of financial year	**20,065**	20,065

Trademarks are allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the trademarks is as follows:

	2015 $'000	2014 $'000
Singapore	**14,857**	14,857
Malaysia	**5,208**	5,208
	20,065	20,065

The recoverable amount of a CGU is determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond five-year period were extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	2015		2014	
	Singapore	Malaysia	Singapore	Malaysia
Royalty rate[1]	**0.5%**	**0.5%**	0.5%	0.4%
Growth rate[2]	**2.3%**	**2.4%**	3.0%	3.0%
Discount rate[3]	**15.4%**	**19.0%**	16.0%	19.0%

[1] Based on market royalty rate

[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period

[3] Post-tax discount rate applied to the post-tax cash flow projection

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

16. DEFERRED INCOME TAXES

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

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
– to be recovered after one year	**2,202**	1,257	**–**	–

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred income tax liabilities:				
– to be settled after one year	**4,057**	2,435	**3,283**	2,507

The movement in the deferred income tax account (after offsetting of asset and liabilities where appropriate) is as follows:

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Beginning of financial year	**1,178**	(1,284)	**2,507**	1,729
Charged to profit or loss *(Note 8(a))*	**1,072**	2,387	**776**	778
Overprovision in prior years *(Note 8(a))*	**(396)**	–	**–**	–
Currency translation differences	**1**	75	**–**	–
End of financial year	**1,855**	1,178	**3,283**	2,507

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

16. DEFERRED INCOME TAXES (CONTINUED)

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

The Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Trademarks $'000	Total $'000
2015			
Beginning of financial year	**1,247**	**2,507**	**3,754**
(Credited)/charged to profit or loss	**(38)**	**776**	**738**
Overprovision in prior years	**(70)**	**–**	**(70)**
Currency translation difference	**(23)**	**–**	**(23)**
End of financial year	**1,116**	**3,283**	**4,399**
2014			
Beginning of financial year	1,184	1,729	2,913
Charged to profit or loss	100	778	878
Currency translation difference	(37)	–	(37)
End of financial year	1,247	2,507	3,754

Deferred income tax assets

	Accelerated tax depreciation $'000	Trademarks $'000	Total $'000
2015			
Beginning of financial year	**(2,576)**	**–**	**(2,576)**
Charged/(credited) to profit or loss	**2,074**	**(1,740)**	**334**
Overprovision in prior years	**(98)**	**(228)**	**(326)**
Currency translation difference	**2**	**22**	**24**
End of financial year	**(598)**	**(1,946)**	**(2,544)**
2014			
Beginning of financial year	(4,197)	–	(4,197)
Charged to profit or loss	1,509	–	1,509
Currency translation difference	112	–	112
End of financial year	(2,576)	–	(2,576)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

16. DEFERRED INCOME TAXES (CONTINUED)

The Company

	Trademarks	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	**2,507**	1,729
Charged to profit or loss	**776**	778
End of financial year	**3,283**	2,507

17. TRADE AND OTHER PAYABLES

(a) Current

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables (non-related parties)	**82,274**	79,060	**–**	–
Deposits from customers	**6,914**	6,521	**–**	–
Accrual for operating expenses	**25,984**	32,601	**2,889**	2,905
Other creditors	**7,041**	9,251	**517**	250
	122,213	127,433	**3,406**	3,155

(b) Non-current

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Other payable	**160**	163	**–**	–
Employee defined benefit obligation *(Note 17(c))*	**185**	–	**–**	–
	345	163	**–**	–

(c) Employee defined benefit obligation

A subsidiary of the Group in Indonesia is required to provide pension benefits, with minimum benefits as stipulated under the labour laws of the country in which it operates. These defined benefit plans are unfunded.

The amounts recognised in profit or loss are as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
Current service cost	**179**	–
Interest cost	**6**	–
Total charged to employee compensation expense *(Note 6)*	**185**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

17. TRADE AND OTHER PAYABLES (CONTINUED)

(c) Employee defined benefit obligation (Continued)

	The Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**–**	–
Total charged to employee compensation expense *(Note 6)*	**185**	–
End of financial year	**185**	–

	The Group	
	2015	2014
	$'000	$'000
Present value of unfunded obligations	**185**	–

The significant actuarial assumptions used were as follows:

	The Group	
	2015	2014
	%	%
Discount rates (per annum)	**7.8**	–
Future salary increases (per annum)	**6.0**	–

18. BORROWINGS

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current				
Finance lease liabilities *(Note 20)*	**1,186**	1,200	**–**	–
Term loan *(Note 18(a)(iv))*	**464**	–	**464**	
	1,650	1,200	**464**	–
Non-current				
Borrowings on asset securitisation *(Note 18(a)(i))*	**67,743**	60,255	**–**	–
Unsecured quoted fixed rate note *(Note 18(a)(ii))*	**124,495**	124,098	**124,495**	124,098
Syndicated senior loan *(Note 18(a)(iii))*	**126,809**	121,101	**–**	–
Term loan *(Note 18(a)(iv))*	**2,780**	–	**2,780**	–
Term loan *(Note 18(a)(v))*	**5,001**	–	**–**	–
Finance lease liabilities *(Note 20)*	**722**	1,377	**–**	–
	327,550	306,831	**127,275**	124,098

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

18. BORROWINGS (CONTINUED)

(a) Banking facilities

(i) On 30 April 2004, a Singapore subsidiary of the Company entered into an agreement ("Asset Securitisation Programme 2004") to sell all of its trade receivables as and when generated to Assetrust Pte Ltd (the "Buyer"), a special purpose company formed to purchase the receivables from the subsidiary. The financing arrangement of the asset securitisation programme involved repackaging these receivables into beneficial interest instruments with priority of repayments: Senior, Seller, Mezzanine and Junior certificates.

The Asset Securitisation Programme 2004 was renewed as the Asset Securitisation Programme 2010 on 22 March 2010 with various modifications. The Asset Securitisation Programme 2010 has a limit of up to $100,000,000 and expired on 21 March 2013. The priority of repayments of the beneficial interest instruments have been changed to include: Senior, Sub-Senior, Seller, Mezzanine and Junior certificates.

On 21 September 2012, the Asset Securitisation Programme 2010 was further renewed as the Asset Securitisation Programme 2012 with various modifications.

The Asset Securitisation Programme 2012 will expire on 20 September 2016 and has a limit of up to $150,000,000 (2014: $150,000,000). The priority of repayments of the beneficial interest instruments have been changed to Senior, Seller, Mezzanine and Junior certificates.

(ii) On 23 April 2013, the Company established a $500 million Multicurrency Medium Term Note programme pursuant to which the Company may from time to time issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest to finance the general corporate funding requirements of the Group.

On 2 May 2013, the Company issued notes comprising $125 million 3-year unsecured fixed rate notes due in 2016. Interest at 4.75% per annum is payable semi-annually in arrears. The fixed notes are listed on SGX-ST.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

18. BORROWINGS (CONTINUED)

(a) Banking facilities (Continued)

(iii) On 23 February 2012, a Malaysia subsidiary entered into a syndicated facility agreement to obtain a syndicated senior loan ("SSL") of up to RM350 million (S$137 million) (2014: RM430 million (S$166 million)) in the form of revolving credit for the first 3 years and at the end of Year 3, the loan then converts to a fully-amortising term loan facility. This loan was obtained via the securitisation of trade receivables of the Malaysia subsidiary (Note 11).

On 25 July 2013, the subsidiary entered into a supplemental agreement to the syndicated facility agreement to increase the principal amount of the facility to RM500 million.

On 27 February 2015, the subsidiary renegotiated with the financial institutions for an extension of the existing SSL to a revised maturity date of 29 October 2021 (includes 3 years revolving period with an option to extend for 1 year revolving period and 3 year amortisation period).

The syndicated senior loan is secured by the following:

- a fixed charge over the designated bank accounts of the Malaysia subsidiary and all credit balances in respect thereof (Note 10);
- a debenture covering a fixed and floating charge over all the assets of the Malaysia subsidiary, both present and future (Note 14(b)); and
- an assignment over existing and future trade receivables of the Malaysia subsidiary.

(iv) In January 2015, the Company obtained a 7-year term loan of USD2.38 million (S$3.2 million) to finance the life insurance policies for selected senior executives of the Company. The principal repayment is in equal instalments over 84 months and the interest rate is at a certain margin above one month London Interbank Offered Rate. The facility is secured by way of first legal assignment of policies in favour of a financial institution (Note 11).

(v) In January 2015, an Indonesia subsidiary obtained a term loan facility of S$20 million secured by a corporate guarantee issued by the Company. The term loan will be drawn down in four tranches (S$5 million each tranche) every three months from January 2015. The facility bears interest at a certain margin above the applicable Swap Offer Rate and the maturity of each tranche is 24 months from the date of withdrawal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

18. BORROWINGS (CONTINUED)

(b) Maturity of borrowings

The borrowings have the following maturity period:

	The Group	
	2015	**2014**
	$'000	**$'000**
Within one year	**1,650**	1,200
Later than one year but not later than five years	**327,550**	306,831
	329,200	308,031

(c) The fair values of non-current secured and unsecured bank borrowings approximate the carrying amounts, and is computed based on cash flows discounted at market borrowing rates at the balance sheet date at 5% (2014: 5%) per annum.

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into the derivative instrument contracts to partially hedge the interest rate risk that arises from its borrowings. The notional principal amounts and the fair values of the Group's outstanding derivative financial instruments at the balance sheet date are as follows:

	Contract notional amount	Fair value	
		Asset	**Liability**
	$'000	**$'000**	**$'000**
The Group			
2015			
Interest rate swaps	**76,326**	**–**	**(844)**
Less: current portion		**–**	**225**
Non-current portion		**–**	**(619)**
2014			
Interest rate swaps	96,451	–	(55)
Less: current portion		–	–
Non-current portion		–	(55)

On 18 February 2015, a Malaysia subsidiary terminated the full notional amount of the existing callable Interest Rate Swap ("IRS").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Subsequently on 27 February 2015, the Malaysia subsidiary entered into a new IRS to hedge the Company's exposure to interest rate risk on its renegotiated syndicated senior loan ("SSL1") (Note 18). This contract obliges the Malaysia subsidiary to pay interest at fixed rates on notional principal amounts and entitles the Malaysia subsidiary to receive interest at floating rates on the same notional principal amounts, thus allowing the Malaysia subsidiary to raise borrowings at floating rates and swap them into fixed rates.

The Malaysia subsidiary has designated the new IRS as hedging instrument and classified it as a cash flow hedge. Any change in fair value of the new IRS is the carrying amount of the IRS with a corresponding amount being recognised in equity as cash flow hedge reserve (Note 22) while the periodic settlement of the interest differential is recognised in profit or loss as part of interest expense until the repayment of the hedged bank borrowing or maturity of the new IRS whichever is earlier.

During the financial year, an Indonesia subsidiary entered into a cross currency interest rate swap with a financial institution with a notional amount of S$5 million to translate the floating interest and foreign exchange rate into fixed rate for the outstanding loan balance (Note 18(v)).

20. FINANCE LEASE LIABILITIES

The Group leases certain furniture, fixtures, fittings and equipment from non-related parties under finance leases.

	The Group	
	2015	**2014**
	$'000	**$'000**
Minimum lease payments due		
– Not later than one year	**1,236**	1,284
– Between one and five years	**734**	1,424
	1,970	2,708
Less: Future finance charges	**(62)**	(131)
Present value of finance lease liabilities	**1,908**	2,577

The present values of finance lease liabilities are analysed as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	**1,186**	1,200
Between one and five years	**722**	1,377
	1,908	2,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

21. SHARE CAPITAL AND TREASURY SHARES

	2015				2014			
	No. of ordinary shares		Amount		No. of ordinary shares		Amount	
The Group and the Company	**Issued share capital '000**	**Treasury shares '000**	**Share capital $'000**	**Treasury shares $'000**	**Issued share capital '000**	**Treasury shares '000**	**Share capital $'000**	**Treasury shares $'000**
Beginning of financial year	**560,000**	**(4,283)**	**265,332**	**(2,544)**	560,000	–	265,332	–
Treasury shares purchased *(Note 21(a))*	**–**	**(18,002)**	**–**	**(8,140)**	–	(5,600)	–	(3,545)
Treasury shares reissued *(Note 21(b))*	**–**	**641**	**–**	**336**	–	1,317	–	1,001
End of financial year	**560,000**	**(21,644)**	**265,332**	**(10,348)**	560,000	(4,283)	265,332	(2,544)

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

(a) The Company acquired 18,002,000 (2014: 5,600,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was $8,140,000 (2014: $3,545,000) and this was presented as a component within shareholders' equity.

(b) During the financial year, the Company reissued, pursuant to the DSA, 551,300 (2014: 1,259,000) treasury shares (with a cost of $289,000 (2014: $965,000)) at fair value of $240,000 (2014: $833,000) and 89,516 (2014: 57,024) treasury shares (with a cost of $47,000 (2014: $36,000)) at fair value of $42,000 to the directors of the Company in lieu of directors' fees in cash, resulting in a loss of $54,000 (2014: $132,000) being recognised in the capital reserve (Note 22 (b)(ii)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

22. OTHER RESERVES

		The Group		The Company	
		2015	**2014**	**2015**	**2014**
		$'000	**$'000**	**$'000**	**$'000**
(a)	Composition:				
	Currency translation reserve	**(30,205)**	(23,902)	**–**	–
	Capital reserve	**5,962**	6,016	**(24,506)**	(24,452)
	Share option reserve	**881**	855	**881**	855
	Hedging reserve	**(936)**	–	**–**	–
		(24,298)	(17,031)	**(23,625)**	(23,597)
(b)	Movements:				
(i)	*Currency translation reserve*				
	Beginning of financial year	**(23,902)**	(17,038)	**–**	–
	Currency translation loss	**(6,303)**	(6,864)	**–**	–
	End of financial year	**(30,205)**	(23,902)	**–**	–
(ii)	*Capital reserve*				
	Beginning of financial year	**6,016**	6,148	**(24,452)**	(24,320)
	Loss on reissue of treasury share *(Note 21(b))*	**(54)**	(132)	**(54)**	(132)
	End of financial year	**5,962**	6,016	**(24,506)**	(24,452)
(iii)	*Share option reserve*				
	Beginning of financial year	**855**	401	**855**	401
	Share-based compensation expense *(Note 6)*	**308**	1,323	**308**	1,323
	Treasury shares reissued *(Note 21(b))*	**(282)**	(869)	**(282)**	(869)
	End of financial year	**881**	855	**881**	855
(iv)	*Hedging reserve*				
	Beginning of financial year	**–**	–	**–**	–
	Fair value loss	**(936)**	–	**–**	–
	End of financial year	**(936)**	–	**–**	–

Capital reserve

The capital reserve of the Group and the Company arose from the restructuring of the Group in the financial year ended 31 March 2010, with subsequent movements arising from the loss on reissue of treasury shares.

Hedging reserve

Hedging reserve represents the changes in fair values of the derivative financial instruments – callable interest rate swaps that are designated and qualified as cashflow hedge.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

22. OTHER RESERVES (CONTINUED)

Share option reserve

Courts Pre-IPO Share Appreciation Rights Plan ("the Plan")

The Company granted SAR to certain Group employees before its initial public offer ("IPO") in October 2012. The Plan contemplates the award of fully-paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met and upon expiry of the prescribed vesting periods, at the option of the Company.

Persons eligible to participate in the Plan are selected Group employees of such rank and service period as the Remuneration Committee may determine, and other participants selected by the Remuneration Committee.

The SAR shall be convertible into fully-paid ordinary shares of the Company commencing one year post-IPO at a rate of 25% per annum.

The vesting of the SAR is conditional on the employees completing the required number of service years to the Group. Once they have vested, the SAR are exercisable over a period of 10 years. The Group has no legal or constructive obligation to repurchase or settle the SAR in cash.

The fair value of the SAR is determined at grant date using trinomial simulation model. The number of SAR granted, the fair value per SAR and the assumption inputs used are as follows:

Grant date	Vesting date	Number of SAR under the Plan	Fair value per SAR ($)	Expected volatility* (%)	Expected dividend yield* (%)	Risk-free interest rate (%)	Share price at grant date
3.01.2012	15.10.2013 – 15.10.2016	6,524,560	0.371	23.28	3.00	1.35	0.77

* Expected volatility is based on average 36-months historical volatility of comparable listed companies. Expected dividend yield is based on an assumed pay-out rate.

For non-market conditions, achievement factors have been estimated based on management inputs for the purpose of accruals for the share appreciation rights until the achievement of the performance conditions can be accurately ascertained.

During the financial year, the Group recognised share-based compensation income amounting to $138,000 (2014: expense amounting to $289,000) in respect of share appreciation rights based on the fair values determined on grant date and estimation of the share grants that will ultimately vest. 1,261,480 SAR (2014: nil) were forfeited during the year, and the total outstanding SAR as at balance sheet date is 4,511,560 (2014: 5,773,040).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

22. OTHER RESERVES (CONTINUED)

Share option reserve (Continued)

Courts Strategic Deferred Share Award ("DSA")

The Company granted DSA to certain Group employees, which became operative during the previous financial year. Persons eligible to participate in the DSA are selected Group employees of such rank and service period as the Remuneration Committee may determine, and other participants selected by the Remuneration Committee.

The DSA represents the right to receive fully paid ordinary shares of the Company at zero exercise price. 50% of the DSA was converted into fully-paid ordinary shares of the Company at grant date on 19 November 2013 with the remaining DSA convertible into fully-paid ordinary shares of the Company at a rate of 25% per annum from the grant date.

The vesting of the DSA is conditional on the employees remaining in service at the expiry of the prescribed vesting periods. Once they have vested, each DSA is converted into a fully-paid ordinary share of the Company at zero exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of the DSA is determined at grant date using monte carlo simulation model. The number of DSA granted, the fair value per DSA and the assumption inputs used are as follow:

Grant date	Vesting date	Number of DSA	Fair value per DSA ($)	Expected volatility* (%)	Expected dividend yield* (%)	Risk-free interest rate (%)	Share price at grant date
19.11.2013	19.11.2013	1,259,900	0.660	26.24	2.77	–	0.660
	19.11.2014	386,650	0.641	26.24	2.77	0.28	0.660
	19.11.2015	386,450	0.622	26.24	2.77	0.32	0.660
	19.11.2015	232,000	0.622	26.24	2.77	0.32	0.660

* Expected dividend yield is based on an assumed pay-out rate. Expected volatility is based on average 36-months historical volatility of comparable listed companies.

On 19 November 2014, the Company granted 243,400 DSA to an employee of the Group at fair value of $0.435 per DSA, which vested immediately.

The DSA is a time-based share award without performance conditions. During the financial year, the Group recognised share-based compensation expense amounting to $446,000 (2014: $1,034,000) in respect of DSA based on the fair values determined on grant date and estimation of the share grants that will ultimately vest. 551,300 (2014: 1,259,900) DSA were vested and awarded through reissuance of treasury shares and 204,800 DSA (2014: nil) were forfeited during the year. The total outstanding DSA as at balance sheet date is 492,400 (2014: 1,005,100).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

23. DIVIDENDS

	The Group	
	2015	**2014**
	$'000	**$'000**
Ordinary dividends paid:		
Interim exempt dividends of nil (2014: 0.76 cents) per share paid in respective financial year	**–**	4,255
Final exempt dividends of 0.76 cents (2014: 1.01 cents) per share paid in respect of prior financial year	**4,224**	5,656

The Directors have proposed a final tax-exempt (one-tier) dividend of 1.29 cents per share for the financial year, amounting to $6,945,000. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2016 when they are approved at the next annual general meeting.

24. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
Expenditure for property, plant and equipment		
– Approved and contracted for	**361**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

24. COMMITMENTS (CONTINUED)

(b) Operating lease commitments – where the Group is a lessee

At the balance sheet date, the Group had commitments under non-cancellable operating leases from non-related parties contracted for its stores and staff residential premises. The leases have varying terms, escalation clauses and renewal rights. The Group's lease expenditure charged to profit or loss during the financial year is disclosed in Note 5.

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

	The Group	
	2015	**2014**
	$'000	**$'000**
Payable within 1 year	**46,404**	40,754
Payable between 1 and 5 years	**61,319**	46,620
Payable after 5 years	**78,292**	1,165
	186,015	88,539

(c) Operating lease commitments – where the Group is a lessor

The Group leases out retail space to non-related parties under non-cancellable operating leases.

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

	2015	**2014**
	$'000	**$'000**
Receivable within 1 year	**439**	620
Receivable between 1 and 5 years	**881**	–
	1,320	620

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

Risk management is carried out by the executive directors and senior management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

(a) Market risk

(i) Currency risk

The Group operates in Singapore, Malaysia and Indonesia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar ("USD").

The Group has no significant trading exposure to foreign currency risk other than inter-company balances between its subsidiaries and cash and cash equivalents. The Company has no foreign currency translation risk. Customer receivables of the Group are denominated in the functional currency and purchases are predominantly transacted in the functional currency of the respective subsidiaries.

As at 31 March 2015, the Group's currency exposure to USD arose from its cash and cash equivalents, cash value receivable from life insurance (Note 11(b)) and term loan (Note 18) amounting to $3,618,000 (2014: $3,543,000), $3,578,000 (2014: nil) and $2,780,000 (2014: nil) respectively. If the USD had strengthened/weakened by 3% (2014: 3%) against SGD with all other variables including tax rate being held constant, the Group's current year profit after tax would have been higher/lower by $136,000 (2014: $90,000).

As at 31 March 2015, the Company's currency exposure to USD arose from its cash and cash equivalents, cash value receivable from life insurance (Note 11(b)) and term loan (Note 18) amounting to $32,000 (2014: $310,000), $3,578,000 (2014: nil) and $2,780,000 (2014: nil) respectively. If the USD had strengthened/weakened by 3% (2014: 3%) against SGD with all other variables including tax rate being held constant, the Company's profit after tax would have been higher/lower by $36,000 (2014: $8,000).

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain a mixture of borrowings in both fixed and floating rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from current and non-current variable-rate borrowings. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risks (Continued)

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollars ("SGD").

If the SGD interest rates had increased/decreased by 0.5% (2014: 0.5%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $295,000 (2014: $250,000) as a result of higher/lower interest expense on these borrowings.

If the MYR interest rates had increased/decreased by 1% (2014: 1%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $455,000 (2014: $286,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

The Group has no significant concentration of credit risk due to the nature of its business and diversified customer base mainly comprising individuals. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. It manages credit risk on customer receivables through the application of a credit scoring system and vigilant follow-up of debtors.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's major classes of financial assets are bank deposits and trade receivables.

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

	The Group	
	2015	**2014**
	$'000	**$'000**
By geographical areas		
Singapore	**184,422**	183,880
Malaysia	**280,968**	268,325
Indonesia	**3,612**	–
	469,002	452,205

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially individuals with a good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Financial assets that are past due and/or impaired

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

The age analysis of trade receivables past due and/or impaired is as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
Past due 1 to 6 months	**55,737**	72,083
Past due 6 to 12 months	**13,639**	33,693
	69,376	105,776

Impairment loss for trade receivables past due is based on historical loss experience. The carrying amount of trade receivables determined to be impaired and the movement in the related allowance for impairment is as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
Carrying amount impaired	**23,486**	23,478
Less: Allowance for impairment	**(23,486)**	(23,478)
End of financial year	**–**	–
Beginning of financial year	**23,478**	22,150
Allowance made *(Note 5)*	**25,348**	20,081
Allowance utilised	**(24,698)**	(18,107)
Currency translation differences	**(642)**	(646)
End of financial year	**23,486**	23,478

The impaired trade receivables arise mainly from credit sales to individuals who subsequently were unable to pay or were slow in their payments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 Years $'000	Total $'000
The Group			
At 31 March 2015			
Derivative financial instruments – net settled interest rate swap	**231**	**683**	**914**
Trade and other payables	**122,213**	**160**	**122,373**
Borrowings	**19,648**	**349,099**	**368,747**
	142,092	**349,942**	**492,034**
At 31 March 2014			
Derivative financial instruments – net settled interest rate swap	820	–	820
Trade and other payables	127,433	163	127,596
Borrowings	19,019	343,193	362,212
	147,272	343,356	490,628
The Company			
At 31 March 2015			
Trade and other payables	**3,406**	**–**	**3,406**
Borrowings	**6,460**	**130,889**	**137,349**
	9,866	**130,889**	**140,755**
At 31 March 2014			
Trade and other payables	3,155	–	3,155
Borrowings	5,938	133,906	139,844
	9,093	133,906	142,999

The Group manages the liquidity risk by maintaining sufficient cash to enable it to meet its normal operating commitments, and having an adequate amount of committed credit facilities (Note 18).

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in Note 18 and equity which comprises share capital and treasury shares (Note 21), retained profits and other reserves (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(d) Capital risk (Continued)

The gearing ratio is calculated as borrowings divided by total capital. Total capital is calculated as equity plus borrowings.

	The Group	
	2015	**2014**
	$'000	**$'000**
Borrowings	**329,200**	308,031
Total equity	**296,855**	298,788
Total capital	**626,055**	606,819
Gearing ratio	**53%**	51%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2015 and 2014.

(e) Fair value measurements

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

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

(c) inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at balance sheet date.

The Group	**Level 2**
	$'000
2015	
Liabilities	
Derivative financial instruments	**(844)**
2014	
Liabilities	
Derivative financial instruments	(55)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The fair values of interest rate swaps and interest rate caps are determined using quoted market values provided by the Group's bankers. These instruments are included in Level 2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the balance sheets and in Note 19, except for the following:

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Loans and receivables	**616,842**	598,325	**145,500**	156,355
Financial liabilities at amortised cost	**451,573**	435,627	**131,145**	127,253

26. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The Company's immediate holding corporation is Singapore Retail Group Limited, incorporated in Mauritius. The ultimate holding corporation is Asia Retail Group Limited, incorporated in the Isle of Man.

27. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

Outstanding balances with related parties are disclosed in Notes 11 and 17.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2015	2014
	$'000	$'000
Salaries and other short-term employee benefits	**4,652**	5,635
Employer's contributions to defined contribution plans	**146**	177
Share-based compensation	**264**	1,097
	5,062	6,909

Total compensation to the directors of the Company amounting to $2,617,000 (2014: $3,586,000) is included in the key management personnel compensation above.

Included in the key management personnel compensation is a variable bonus amounting to $1,698,000 (2014: $3,898,000) which is payable to key management personnel based on a certain percentage of the Group's profit after adjustment for certain one-off expenses and tax ("adjusted profit") during the financial year and a change in the adjusted profit from the previous financial year. The actual payout is dependent on the individual's future performance and only a certain percentage of the variable bonus will be paid out annually and has been provided for. The remaining balance will be paid out only upon fulfilment of certain conditions.

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 Regional Executive Committee ("Exco") which are used to make strategic decisions. The Exco comprises the Regional Chief Executive Officer, the Regional Chief Financial Officer, the Regional Chief Talent Officer, the Regional Chief Information and Credit Officer, the Regional Chief Operating Officer and the regional heads of each business.

The Exco considers the business from a geographic and business segment perspective. Management manages and monitors the business in the three primary geographic areas, Singapore, Malaysia and Indonesia. Operations in Singapore, Malaysia and Indonesia are essentially similar and consist principally of the retailing of household furniture, furnishings, home appliances and information technology products.

Sales revenue is based on the country in which the customers are located.

Segment results are profit before other income, income tax and finance expense.

Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and exclude deferred income tax assets, short-term bank deposits and income tax recoverable.

Segment liabilities comprise operating liabilities and exclude items such as income tax liabilities and bank borrowings.

The Group's activities consist entirely of retailing. There is only one business segment.

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

	Singapore $'000	Malaysia $'000	Indonesia $'000	Consolidated $'000
2015				
Sales				
Total segment sales	504,558	247,759	6,533	758,850
Inter-segment sales	–	–	(301)	(301)
Sales to external parties	504,558	247,759	6,232	758,549
Segment results	24,974	23,670	(7,610)	41,034
Other income and other gains – net				5,379
Finance expense				(24,497)
Profit before income tax				21,916
Income tax expense				(4,554)
Net profit				17,362
Other segment items				
Depreciation and amortisation	6,796	6,569	473	13,838
Amortisation of deferred income	(1,521)	(1,800)	(57)	(3,378)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

28. SEGMENT INFORMATION (CONTINUED)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Elimination $'000	Consolidated $'000
2015					
Segment assets	**539,863**	**379,383**	**16,787**	**(213,751)**	**722,282**
Unallocated assets					
– Deferred income tax assets					**2,202**
– Fixed deposits					**34,221**
– Current income tax recoverable					**3,035**
Total consolidated assets					**761,740**
Segment assets includes:					
Additions to:					
– property, plant and equipment	**2,954**	**5,466**	**2,897**	**–**	**11,317**
– intangible assets	**567**	**634**	**1,092**	**–**	**2,293**
Segment liabilities	**164,510**	**101,441**	**6,329**	**(144,663)**	**127,617**
Unallocated liabilities					
– Current income tax liabilities					**4,011**
– Deferred income tax liabilities					**4,057**
– Borrowings					**329,200**
Total consolidated liabilities					**464,885**

	Singapore $'000	Malaysia $'000	Indonesia $'000	Consolidated $'000
2014				
Sales				
– External sales	567,165	263,098	–	830,263
Segment results	27,768	28,377	(877)	55,268
Other income and other gains – net				5,084
Finance expense				(22,351)
Profit before income tax				38,001
Income tax expense				(9,691)
Net profit				28,310
Other segment items				
Depreciation and amortisation	6,884	5,676	51	12,611
Amortisation of deferred income	(2,202)	(2,174)	–	(4,376)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

28. SEGMENT INFORMATION (CONTINUED)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Elimination $'000	Consolidated $'000
2014					
Segment assets	521,154	366,588	10,897	(188,177)	710,462
Unallocated assets					
– Deferred income tax assets					1,257
– Fixed deposits					35,139
– Current income tax recoverable					1,106
Total consolidated assets					747,964
Segment assets includes:					
Additions to:					
– property, plant and equipment	7,379	10,038	1,091	–	18,508
– intangible assets	581	893	–	–	1,474
Segment liabilities	170,243	89,188	841	(125,667)	134,605
Unallocated liabilities					
– Current income tax liabilities					4,105
– Deferred income tax liabilities					2,435
– Borrowings					308,031
Total consolidated liabilities					449,176

Revenue from major products

Revenue from sales of major products to external customers is derived mainly from the sale of electrical, IT products and furniture. Food and beverage and warranty are included in "Other". Breakdown of the revenue is as follows:

	2015 $'000	2014 $'000
Sale of goods		
Electrical	**292,212**	298,018
IT Products	**181,294**	239,249
Furniture	**119,297**	120,451
Other	**29,159**	31,957
	621,962	689,675

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2015 or later periods and which the Group has not early adopted. The Group does not expect the adoption of these accounting standards or interpretations to have a material impact on the Group's financial statements.

30. COMPARATIVES

Certain comparative figures have been reclassified to be consistent with the presentation of deferred income tax assets and liabilities, other income and other gains/(losses) – net and administrative expenses, at their respective gross amounts in the current financial year as follows:

		2014	
	As reported previously $'000	**Increase/ (Decrease) $'000**	**As reported presently $'000**
The Group			
Consolidated income statement			
Other income and other gains/(losses) – net	4,310	774	5,084
Administrative expenses	136,448	774	137,222
Balance sheets			
Deferred income tax asset	–	1,257	1,257
Deferred income tax liabilities	1,178	1,257	2,435

The reclassifications do not have any material impact on the results and financial position of the Group for the year ended 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

31. LIST OF SIGNIFICANT COMPANIES IN THE GROUP

Name of companies	Principal activities	Country of incorporation and place of business	As at 31 March Equity Holding 2015 %	2014 %
Held directly by the Company				
[(1)] Courts (Singapore) Pte Ltd	Retail of household furniture, furnishings, home appliances and information technology products	Singapore	**100**	100
[(2)] Courts (Malaysia) Sdn Bhd	Retail of household furniture, furnishings, home appliances and information technology products	Malaysia	**100**	100
[(2)] PT Courts Retail Indonesia	Retail of household furniture, furnishings, home appliances and information technology products	Indonesia	**100**	100
[(3)] Home Lifestyle Pte Ltd	Dormant	Singapore	**100**	–
[(3)] Hardware Lifestyle Pte Ltd	Dormant	Singapore	**100**	–
Held indirectly by the Company				
[(1)] Assetrust Pte Ltd	Special purpose company for asset securitisation program	Singapore	**100**	100
[(2)] Vista Lavender Sdn Bhd	Special purpose company for asset securitisation program	Malaysia	**100**	100

(1) Audited by PricewaterhouseCoopers LLP, Singapore
(2) Audited by PricewaterhouseCoopers member firms outside Singapore
(3) Newly incorporated with no activities during the financial year

32. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Courts Asia Limited on 26 June 2015.

ANALYSIS OF SHAREHOLDINGS

AS AT 18 JUNE 2015

Class of shares	:	Ordinary shares
Number of issued and paid-up shares (excluding treasury shares)	:	538,186,540
Voting rights	:	One vote per share
Number of Treasury shares	:	21,813,460
% of treasury shares to total number of issued shares (excluding treasury shares)	:	4.05%

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 JUNE 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	6	0.28	87	0.00
100 – 1,000	214	10.12	209,659	0.04
1,001 – 10,000	1,014	47.97	6,586,805	1.22
10,001 – 1,000,000	869	41.11	46,883,904	8.71
1,000,001 AND ABOVE	11	0.52	484,506,085	90.03
TOTAL	**2,114**	**100.00**	**538,186,540**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	SINGAPORE RETAIL GROUP LIMITED	382,000,000	70.98
2	HSBC (SINGAPORE) NOMINEES PTE LTD	35,545,800	6.60
3	DBS NOMINEES PTE LTD	28,018,380	5.21
4	CITIBANK NOMINEES SINGAPORE PTE LTD	18,174,683	3.38
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,000,200	1.49
6	RAFFLES NOMINEES (PTE) LTD	4,549,400	0.85
7	BANK OF SINGAPORE NOMINEES PTE LTD	2,190,000	0.41
8	KEE KIM ENG	1,771,525	0.33
9	POH AH SENG	1,500,000	0.28
10	MAYBANK KIM ENG SECURITIES PTE LTD	1,448,097	0.27
11	EFR INVESTMENT PTE LTD	1,308,000	0.24
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	998,300	0.19
13	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	951,000	0.18
14	DBSN SERVICES PTE LTD	867,000	0.16
15	PHILLIP SECURITIES PTE LTD	772,800	0.14
16	CITIBANK CONSUMER NOMINEES PTE LTD	574,900	0.11
17	OCBC SECURITIES PRIVATE LTD	574,800	0.11
18	CHOONG HUI HUI STACY	500,000	0.09
19	TAN WEE SING	500,000	0.09
20	UOB KAY HIAN PTE LTD	495,000	0.09
	TOTAL	**490,739,885**	**91.20**

ANALYSIS OF SHAREHOLDINGS

AS AT 18 JUNE 2015

Substantial Shareholders As at 18 June 2015
(As recorded in the Register of Substantial Shareholders)

	DIRECT INTERESTS		DEEMED INTERESTS	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Singapore Retail Group Limited	382,000,000	70.98%	–	–
Asia Retail Group Limited[(1)]	–	–	382,000,000	70.98%
Baring Private Equity Asia III Holding (14) Ltd.[(2)]	–	–	382,000,000	70.98%
Topaz Investment Worldwide Incorporated[(3)]	–	–	382,000,000	70.98%

Note:

(1) Asia Retail Group Limited ("ARG") is deemed to be interested in the shares of the Company held by Singapore Retail Group Limited by virtue of Section 4 of the Securities and Futures Act, Cap 289 (the "Act").

(2) Baring Private Equity Asia III Holding (14) Ltd. holds more than 20% of the issued share capital of ARG and as such, Baring Private Equity Asia III Holding (14) Ltd. is deemed to be interested in the shares of the Company held by ARG by virtue of Section 4 of the Act.

(3) Topaz Investment Worldwide Incorporated ("Topaz") holds more than 20% of the issued share capital of ARG and as such, Topaz is deemed to be interested in the shares of the Company held by ARG by virtue of Section 4 of the Act.

Percentage of Shareholding in the Hands of the Public

As at 18 June 2015, 25.28% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jack Hennessy
(Chairman)
(Non-Independent and Non-Executive Director)

Terence Donald O'Connor
(Executive Director)
(Group CEO)

Kee Kim Eng
(Executive Director)
(Group CFO)

Adnan Abdulaziz Ahmed AlBahar
Resigned on 30 June 2015
(Non-Independent and Non-Executive Director)

Ibrahim Abdelazim Aboutaleb
Appointed on 30 June 2015
(Non-Independent and Non-Executive Director)

Chey Chor Wai
(Independent Non-Executive Director)

Kho Kewee
(Independent Non-Executive Director)

EXECUTIVE COMMITTEE

Terence Donald O'Connor
(Group CEO)

Kee Kim Eng
(Group CFO)

COMPANY SECRETARY

Ang Siew Koon
Tricor Evatthouse Corporate Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

AUDIT COMMITTEE

Chey Chor Wai *(Chairman)*
Jack Hennessy
Kho Kewee

REMUNERATION COMMITTEE

Jack Hennessy *(Chairman)*
Chey Chor Wai
Kho Kewee

NOMINATING COMMITTEE

Kho Kewee *(Chairman)*
Chey Chor Wai
Jack Hennessy

REGISTERED OFFICE

50 Tampines North Drive 2
Singapore 528766
Tel: 6309 7777
Fax: 6784 8076

REGISTRARS AND SHARE TRANSFER OFFICE

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

AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner in-charge:
Mr Peter Low (since the financial year ended 31 March 2015)

PRINCIPAL BANKERS

HSBC Singapore
Collyer Quay
21 Collyer Quay
#01-01 HSBC Building
Singapore 049320

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#01-00 OCBC Centre
Singapore 049513

DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

Standard Chartered Bank Malaysia Berhad
Level 13 Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

INVESTOR RELATIONS CONTACT

E-mail: ir@courts.com.sg

COURTS ASIA LIMITED
Company Registration No. 201001347K

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Tel: (65) 6309 7777 Fax: (65) 6784 8076
Website: www.courts.com.sg