



fischer-tech

WHAT DEFINES US

FISCHER TECH LTD Annual Report 2017





CONTENTS

01	Corporate Profile
02	Our Expertise
04	Letter to Shareholders
06	Corporate Information
08	Review of Operations
10	Financial Highlights
11	Corporate Structure
12	Board of Directors
14	Key Management
15	Corporate Social Responsibility

17	Statutory Reports and Financial Statements
18	Corporate Governance Report
32	Directors' Statement
38	Independent Auditor's Report
42	Consolidated Income Statement
43	Consolidated Statement of Comprehensive Income
44	Balance Sheets
45	Statements of Changes in Equity
49	Consolidated Cash Flow Statement
51	Notes to the Financial Statements
95	Statistics of Shareholdings
96	Substantial Shareholders
97	Notice of Annual General Meeting and Notice of Books Closure Date
	Proxy Form

At Fischer Tech, our focus remains on driving long-term growth by capitalising on the quality of our products, the efficiency of our processes and the perseverance of our people.

ABOUT US



Fischer Tech Ltd is a specialist manufacturer of high volume precision engineering plastic components for new electronic products. It is constantly exploiting new technologies to meet sophisticated product challenges. The Fischer Tech Group is also involved in the design and manufacture of plastic injection moulds and sub-assembly of plastic components.

The Group's forte is in 2-shot injection moulding, thin-wall injection moulding, laser etching and decorative finishing technologies. In particular, its range of finishing technologies includes in-mould labelling (IML) and cosmetic moulding. These processes allow Fischer Tech to manufacture engineering plastic components of precise dimensions that are used in the production of high-end electronic products such as automobiles, computer peripherals, consumer electronics as well as healthcare products.

Among the Group's diverse range of customers are Panasonic, BHTC and TRW in the automotive sector, Canon in the computer peripherals sector and Grundfos and Fisher & Paykel in the consumer electronics sector.

A progressive company, Fischer Tech is always on the look out for new product markets, geographical locations and strategic partners. With Research and Development division in China, manufacturing facilities in Singapore, China, Malaysia and Thailand and sales representatives in the USA and Japan, it actively searches for avenues to expand its presence.

Fischer Tech is listed on the Main Board of the Singapore Exchange since July 2001.



DECORATIVE FINISHING

A secondary process or combination of processes utilising automated spray painting technology, ultra-violet (UV) coating, IML technology and cosmetic moulding technology.

Spray painting on plastic components allows the adding of a decorative effect or high-wear resistance UV coating on the surface of plastic components such as handheld devices and automotive components.

IML is a process utilising second surface printing on foil, forming and trimming technology and injection moulding, in which the printed foil is moulded onto the plastic component to add a scratchproof glossy surface with choice of graphics and designs. The main advantages of IML part are its durability, environmental-friendliness and unique design features.

2-SHOT INJECTION MOULDING

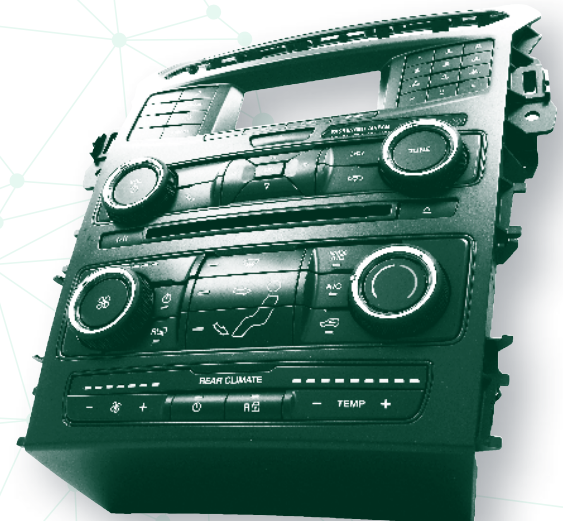
This process enables the combination of two different plastic materials or two different coloured plastics into one composite component through a single manufacturing process. It also allows for a soft plastic layer to be moulded over a tougher plastic to produce soft tactile effects for products such as handheld scanners and other appliances. With dedicated 2-shot injection moulding machines, Fischer Tech is a major producer of 2-colour and 2-material plastic components in Asia.

THIN-WALL INJECTION MOULDING

This injection moulding process is used to manufacture plastic components with sections which can be as thin as 0.2 mm in thickness. It enables the production of light yet durable components for use in compact devices.

LASER ETCHING

The laser etching process adopts the use of lasers to inscribe high definition alphanumeric characters or symbols onto components such as back-lit buttons and display panels.



/qual·i·ty/

- ▀ We are defined by the quality of our products, therefore we will continue to simultaneously raise our quality standards as well as optimise our technological edge to surpass the expectations of our markets.



Letter to Shareholders

For the financial year ended 31 March 2017 (“FY2017”), the Group was able to achieve steady profit growth, continuing a trend of three consecutive years. The positive performance was achieved on the back of steady contribution by the Group’s automotive business and from overall improvement in productivity, cost management and operational efficiency, against a backdrop of weak global economy, geopolitical uncertainties and more competitive business landscape.

DELIVERING A STURDY PERFORMANCE

In FY2017, group revenue came in at S\$178.1 million, a decline of 5.2% compared to S\$187.9 in FY2016. The result was mainly attributed to lower volume of business from existing customers, particularly in our automotive business sector and the consolidation of our Medtech business in the Singapore operations.

Over the years, the Group has made steady strides in improving operations and resource management, resulting in healthy gross profit margins. In FY2017, gross profit came in at S\$39.6 million, an increase of 0.7% compared to S\$39.4 million in the previous year. Gross profit margin was also higher, at 22.2% compared to 20.9% in the year before due to improved efficiency and better utilisation of production capacity.

Despite lower revenue, net profit increased marginally by 0.5% to S\$13.0 million in FY2017. This was attributed to gains in productivity and operational efficiencies through factory automation and process improvement.

Although the Group has performed well under challenging conditions, we cannot be complacent. There is still room for improvement in our manufacturing processes, product development capability and operations management. Our fundamentals are sound. We will continue to strengthen our foundation and build on our strengths so as to enhance our competitiveness and our ability to meet the increasingly more stringent demands of our customers.

BUILDING ON OUR STRENGTHS

As a precision engineering company, our vision is to become a world class manufacturer of plastic precision products. Over the years, our vision has provided the impetus and the power to drive us forward through business cycles and vagaries of global markets to sustained growth.

We adopt a holistic approach to excellence in manufacturing. Every function in our production process is integrated into a harmonised system so that efficiency can be optimised along the entire value chain. We implement factory automation systems including robotics and machine-to-machine communications applications in our plants to enhance seamless integration of manufacturing processes and ensure consistent quality of our products.

PLUGGING INTO GLOBAL NETWORKS

With improvements in communications and digital technologies, the supply chains of many industries, in particular the automotive industry, are increasingly more diffused and globalised. As cross-border supply of services increases, it is critical for Fischer Tech to have the capability to plug into the global networks of production and flow of materials. In this respect, Fischer Tech has over the last few years established the “Global Platform” programmes, enabling



Foo Meng Tong and Tan Choon King

“We envisage that the automotive sector will continue to provide significant opportunities for long-term sustainable growth for Fischer Tech.”

us to plug into the global automotive supply chain through strong partnerships with global automotive manufacturers. Our “Global Platform” programmes will continue to be a key strategy in our efforts to become a world class automotive engineering company.

SIGNIFICANT CORPORATE DEVELOPMENTS

On 30 June 2016, the Board announced that the Group has on 30 June 2016 granted awards consisting of 1,120,000 shares to eligible Group Executives in accordance with the terms of the Fischer Tech Performance Share Plan 2016. Following the issue of the new shares pursuant to Fischer Tech Performance Share Plan 2016, the number of issued and fully-paid shares (excluding treasury shares) of the Group has increased from 54,640,986 shares to 55,760,986 shares.

On 18 July 2016, the Board announced that Fischer Advanced Technology (Suzhou) Co., Ltd, a wholly-owned subsidiary of the Group has signed a Sale & Purchase Contract to acquire the property at No. 78-79 Hongxi Road, Suzhou New District, Suzhou City, Jiangsu Province for a consideration of RMB 56 million (equivalent to S\$11.37 million based on RMB1 = S\$0.203). The newly acquired property has a gross floor area of 41,194.97 square metres and a land use right in respect of the underlying area of 33,347.6 square metres. It has a balance lease of about 39 years. The bigger property will allow the Group to consolidate the production operations of the existing two Suzhou subsidiaries with three plants into one location, enhancing integration and harnessing synergies.

Letter to Shareholders

On 5 April 2017, the Board announced that certain of its shareholders had commenced exclusive discussions with a third party in relation to possible transaction involving the shares of the Group. On 4 May 2017, the Board further announced that the discussions were discontinued. In the same announcement, the Board also informed that the Group received a non-binding expression of interest from another third party relating to a possible transaction involving the shares of the company. The Group has entered into exclusive discussions with this third-party in relation to the afore-mentioned interest. The discussions are still ongoing and there is no certainty that any transaction will materialise or that any definitive or binding agreement will be entered into.

GOVERNANCE AND RISK MANAGEMENT

We are committed to upholding a high standard of governance. It enhances our competitiveness. We have in place a robust governance framework to ensure that the Group and all its employees have and will continue to uphold the highest standards of ethical practices, regulatory compliance and integrity in all business dealings. Over the years, we have earned a strong reputation of trust, credibility and reliability among our clients including multi-national automotive manufacturers in the global markets.

The ability to manage risks is an important asset for any company operating in a fast changing environment. Fischer Tech has in place an Enterprise Risk Management (ERM) framework which has been proven to be effective in monitoring and mitigating operational and financial risks and ensuring compliance with relevant statutory requirements.

The Group's sturdy performance in FY2017 has strengthened our balance sheet. During the financial year under review, the Group generated S\$17.6 million in operating cash flow, compared to S\$20.5 million in the previous corresponding financial year. Cash and cash equivalents as at 31 March 2017 stood at S\$40.6 million, an increase of 4.3% over the S\$38.9 million as at 31 March 2016.

OUTLOOK FOR 2017

The outlook for the global economy has improved slightly since the first quarter of 2017. Investment, manufacturing and trade are expected to rebound. The IMF has forecast global economic growth will rise from 3.1% in 2016 to 3.5% in 2017 on the back of improvement in the growth outlook for the advanced economies.

The Singapore economy expanded 2.7% year-on-year in the first quarter of 2017. The manufacturing and service sectors saw strong growth. The government maintained growth forecast for 2017 at "1.0 to 3.0 percent" with growth likely to come in higher than the 2.0% registered in the 2016, barring the materialisation of downside risks.

China, our biggest market by revenue, grew 6.9% year-on-year in Q1 2017, the fastest pace since Q3 2015. Growth was supported by government spending on infrastructure as well as resurgence in private investment. Strong demand for steel and other commodities are expected to boost industrial activities. The Chinese automotive industry is expected to continue to enjoy strong sales on the back of strong government support including purchase tax incentives. As the automotive sector is the Group's biggest revenue contributor, the robust Chinese automotive market will underpin our growth momentum in FY2017.

STEPPING UP

We will continue to focus on enhancing our core engineering and manufacturing capabilities including the adoption of factory automation and advanced manufacturing applications and solutions. At the dawn of the new industrial revolution, we will have to step up to the challenge of operating in the era of Industry 4.0, characterised by "smart factories", which are driven by advanced manufacturing technologies including digitalisation, robotics, cloud computing and machine-to-machine (M2M) communications.

We envisage that the automotive sector will continue to provide significant opportunities for long-term sustainable growth for Fischer Tech. Our expertise and domain knowledge of this industry and our excellent track record in the design and manufacturing of automotive components have placed the Group in a strong position to expand our global reach and increase market share.

However, we are also developing and growing the Group's other business sectors including healthcare, consumer electronics and computer peripherals. We are leveraging our R & D capability in advanced plastic injection moulding to design and develop new products for these sectors. We are confident that if we continue to press ahead with our sustained R & D efforts, we will be able to reap the benefits of new innovations and quality products, enabling us to broaden our product offerings across a wide spectrum of industry sectors.

DIVIDEND

We have and will continue to share the Group's success with our supportive shareholders. We will continue to focus on adopting a balanced growth strategy geared to achieving long-term sustainable growth and delivering stable returns to them.

In this respect, the Board has proposed a final tax-exempt cash dividend of 3.0 cents per ordinary share and a special tax-exempt cash dividend of 3.0 cents per ordinary share, subject to shareholders' approval at the next Annual General Meeting to be held on 28 July 2017. The dividend payout will amount to about S\$3.35 million.

APPRECIATION

Many people contributed to the success of the Group in FY2017. We are grateful to the Board of Directors for their expert guidance and advice in leading the Group to another year of steady growth. We would also like to thank our customers, partners and business associates for their support and co-operation. We express our deep appreciation for the efforts and sacrifices of our staff and management who come from diverse regions and background but are united in the shared vision of driving the Group forward to greater heights. Last but not least, we are grateful to our shareholders for their faith and trust in us, without which the achievements of Fischer Tech would not have been possible.

Foo Meng Tong
Chairman

Tan Choon King
President and Chief Executive Officer

23 June 2017

Corporate Information

BOARD OF DIRECTORS

Foo Meng Tong

Non-Executive Chairman

Tan Choon King

President and Chief Executive Officer

Chan Kok Wai, Peter

Executive Director

Ng Boon Yew

Independent Director

Moy Kok Leng, James

Independent Director

Leong Hong Kiat, Amos

Non-Executive Director

AUDIT COMMITTEE

Ng Boon Yew

Chairman

Moy Kok Leng, James

Foo Meng Tong

COMPENSATION COMMITTEE

Moy Kok Leng, James

Chairman

Ng Boon Yew

Foo Meng Tong

NOMINATING COMMITTEE

Ng Boon Yew

Chairman

Moy Kok Leng, James

Foo Meng Tong

COMPANY SECRETARY

Tan Ching Chek (LL. B. Hons, ACIS)

Teo Ah Hiong

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01

Singapore Land Tower

Singapore 048623

AUDITOR

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner-in-charge (since financial year 2016):

Philip Ng

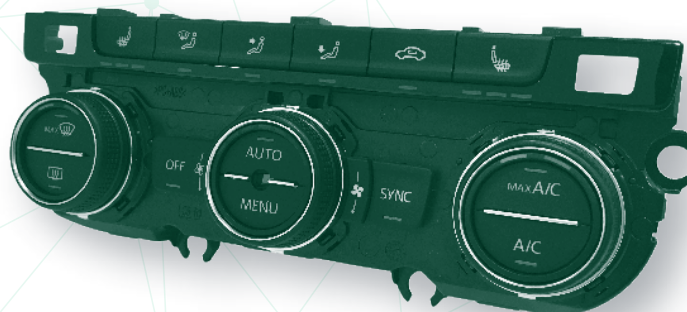
REGISTERED OFFICE

No. 3 Ang Mo Kio Street 62,

#02-08 LINK@AMK,

Singapore 569139

Company Registration Number: 199404532R

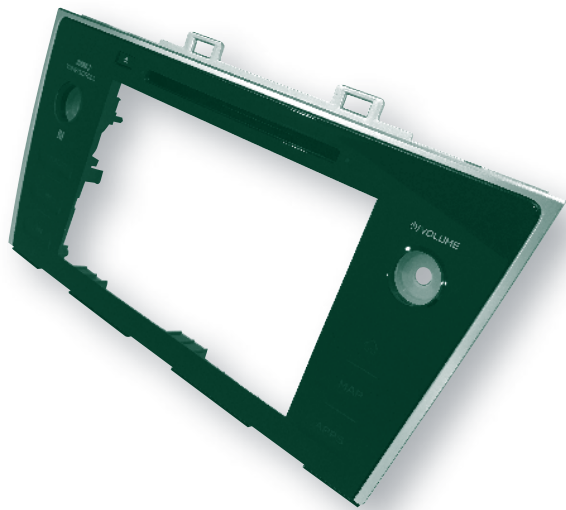


/tech·no·lo·gy/

- ▀ An enterprise that puts innovation at the forefront of its operations, Fischer Tech will always harness and enhance its technological processes to stay competitive and reliable.



Review of Operations



“Our steady growth over the years attests to our ability to manage risks and our resilience to overcome challenges.”

The business environment in the financial year ended 31 March 2017 (“FY2017”) was challenging. Geopolitical uncertainty, financial markets volatility and subdued global trade continued to dampen the global economy. The impact of the weak growth in the global economy has affected businesses across many industries and markets, including Fischer Tech (“the Group”). The Chinese economy continued to slow in 2016, with GDP growth coming in at 6.7% compared to 6.9% a year earlier. Given that our business in China is the Group’s biggest revenue contributor, the slowdown in the Chinese economy has an adverse impact on our performance.

Despite the adverse operating conditions, the Group’s operating margins in FY2017 remained healthy. At the operational level, gross profit was stable, registering a moderate 0.7% growth. Profit before tax grew 4.7% to S\$17.7 million from S\$16.9 million in FY2016. Over the years, the Group has been successful in maintaining steady growth in profitability through a combination of effective cost management, continuous productivity improvement and streamlining of operations and processes across our production value chain.

THE STATE OF OUR OPERATIONS

The competitive business landscape and local operating challenges in our geographically diversified operations continue to drive the Group to enhance its resilience, deepen its expertise and expand its capabilities. As a world class precision engineering company, we continue to focus on strengthening our core engineering and manufacturing competencies in order to sharpen our competitiveness and maintain our market leadership in plastic injection mould design and manufacturing. We have and will continue to invest in R & D and other programmes that will foster innovation and new product development.

Digital technology is disrupting the manufacturing industry. Manufacturers are leveraging Industry 4.0 technologies in order to survive and thrive in the new digital economy. It encompasses automation, cloud computing, 3-D printing, data analytics and other Internet-of-Things applications that can facilitate improvement to industrial processes in manufacturing, engineering, materials management, supply chain and lifecycle management.

In order to meet the challenges of digital disruption, we are transforming our operations by leveraging innovations in information and communications and operational technology.

Over the years, we have put in place the appropriate building blocks for the digital transformation. We have implemented automation solutions in our manufacturing processes, resulting in higher productivity, more efficient supply chain management and higher value products. We have also progressively embraced digital manufacturing to enhance our innovation capability, responsiveness to customers’ demands and speed-to-market when designing and launching new products and services. In this respect, we began to adopt 3-D printing technology which has the potential to be a game-changer in optimising our mould making process by reducing the lag time between design and production.

REVIEW OF BUSINESS SEGMENTS

In tandem with lower business volumes in all sectors, revenue from the Group’s plastic business segment, including precision moulding, in-mould labelling, laser etching, spray painting and UV coating, decreased 5.6% from S\$176.7 million in FY2016 to S\$166.9 million in FY2017. However, profit from this segment increased 5.7% to S\$17.0 million from S\$16.1 million in the previous year as a result of greater efficiency in our operations and more stringent cost management.

Review of Operations

Our tooling business segment continued to generate stable revenue. For FY2017, revenue from tooling registered S\$11.2 million compared to S\$11.3 million in the previous year. Profit from this segment decreased 15.9% to S\$0.6 million in FY2017 from S\$0.8 million in FY2016 mainly due to pricing pressures from customers.

REVIEW OF GEOGRAPHICAL SEGMENTS

In addition to Singapore where the Group has its headquarters, we also have manufacturing operations in China, Malaysia and Thailand. Contributions from the Group's geographic segments in FY2017 remained largely similar in proportion to FY2016.

Our China business remained the Group's largest revenue contributor accounting for 66.6% of total revenue in FY2017 compared to 64.7% the year before. Revenue from our operations in China came in at S\$118.6 million, a decline of 2.5% from S\$121.6 million in FY2016. This reflected the lower business volume in the automotive sector.

Our Malaysia operations registered an increase in revenue of S\$0.4 million or 1.7% from S\$25.6 million in FY2016 to S\$26.0 million in the financial year under review. This was attributed to higher demand from existing customers. In line with the higher revenue, contributions from our Malaysian operations as a proportion of total revenue increased slightly to 14.6% compared to 13.6% in FY2016.

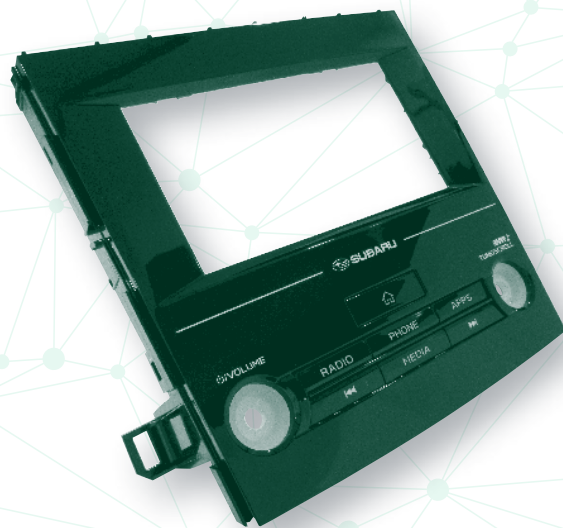
Revenue from our Thailand operations was stable registering a marginal decline of 1.4% from S\$21.5 million in FY2016 to S\$21.2 million in FY2017. Contributions from Thailand accounted for 11.9% of total Group revenue in FY2017.

In Singapore, we rationalised our production facilities in response to the planned cessation of sales of plastic components to a major customer in the healthcare sector. As a result, revenue from Singapore decreased by S\$7.0 million or 36.1% to S\$12.3 million in FY2017, representing 6.9% of Group revenue compared to 10.3% in the preceding year.

OUTLOOK AND CHALLENGES

International financial institutions such as the International Monetary Fund and the World Bank have raised global economic outlook in 2017. Manufacturing and trade are picking up and international financing conditions are improving with lower volatility and improved expectations of growth prospects. Nonetheless, certain risks remain. Trade protectionism, geopolitical uncertainties, financial markets disruptions and other vulnerabilities may stifle growth.

As an international company with operations in four locations in Asia and serving a customer base that is spread across the world, we will remain vigilant to regional and global socio-economic dynamics and changing market forces. We operate in a complex business environment with diverse regulatory, competitive and operational challenges. Our steady growth over the years attests to our ability to manage risks and our resilience to overcome challenges.



At the operational level, rising operating costs and price competition will continue to pose significant challenges to our profitability and long-term sustainable growth. These are not new challenges and over the years we have built a strong track record in managing them. We will continue to drive efficiency in our production processes and extract value across the value chain. Our investments in digital manufacturing technologies such as automation, robotics and 3-D printing will enhance our resilience and our ability to deliver steady growth and stable returns to shareholders.

Our international network of global partners is a critical strategic asset for the Group to expand into global markets, especially in the automotive industry. Our 'Global Platform' programmes which we have been building in the last four years, have been successful in establishing the Group as a leader in the production of high quality precision plastic components for the automotive industry. Fischer Tech is increasingly becoming a partner of choice to many global automotive manufacturers. This places the Group in a strong position to drive future growth as the automotive business represents more than 87% of total revenue.

The global automotive industry was buoyant in 2016. China was the main growth driver, with sales of automobiles rising 13.7% in 2016, fuelled by the one-year extension of tax incentives for the sales of smaller vehicles with engines of 1.6 litres or below. After a strong 2016, the global automotive market, including China, is expected to grow at a slower rate in 2017. Nevertheless, China will remain the largest car market in the world, with growth to be driven by domestic demand which in turn is boosted by a rising affluent middle class.

Given that China is the Group's biggest market and automotive is the Group's largest business sector, the Group is well positioned to chart a path to long-term sustainable growth. At the same time, synergies from the Group's expertise in cutting edge precision engineering capabilities can be leveraged by our consumer electronics and healthcare businesses, providing multiple growth engines.

Barring any unforeseen circumstances, we are cautiously optimistic that Fischer Tech will continue to perform well in FY2018.

Financial Highlights

PERFORMANCE AT A GLANCE

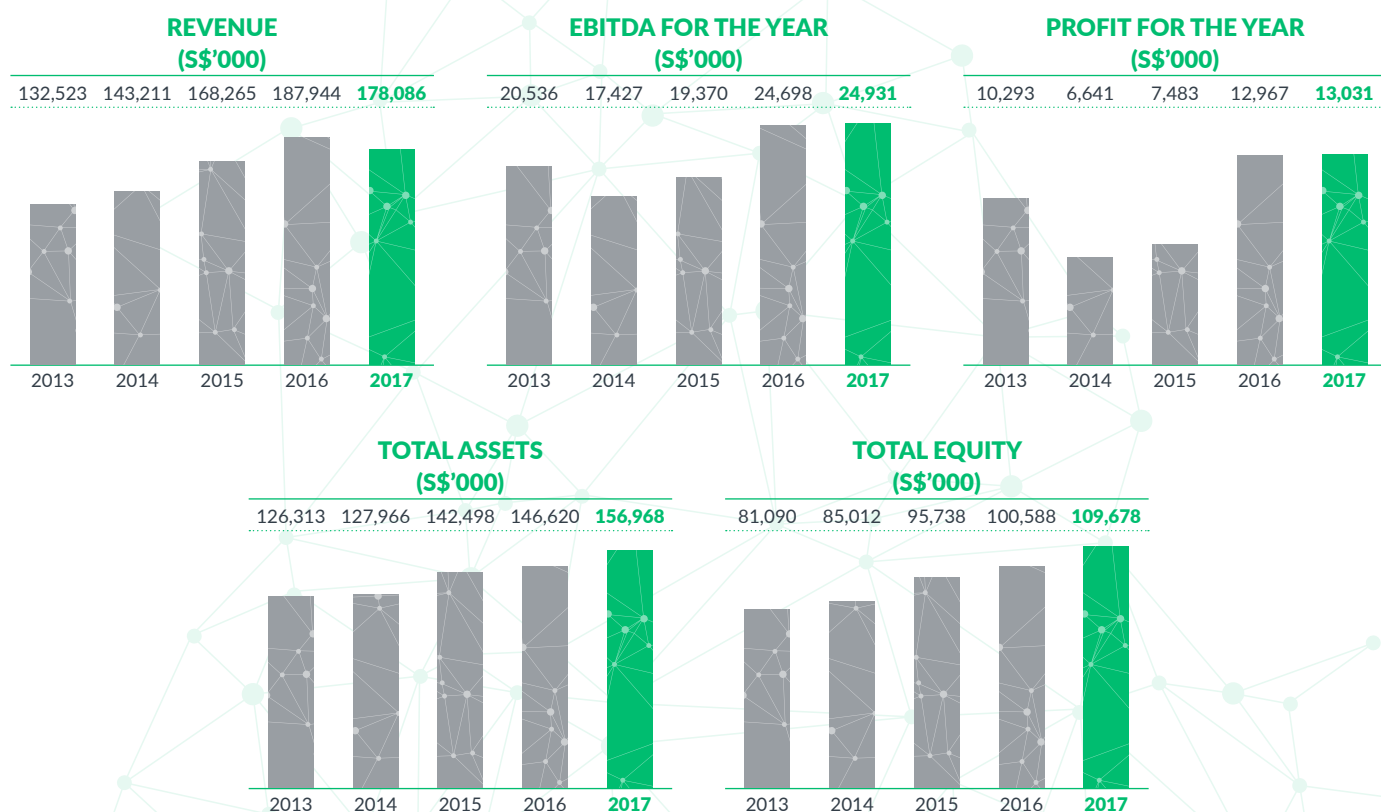
Financial Year Ended 31 March

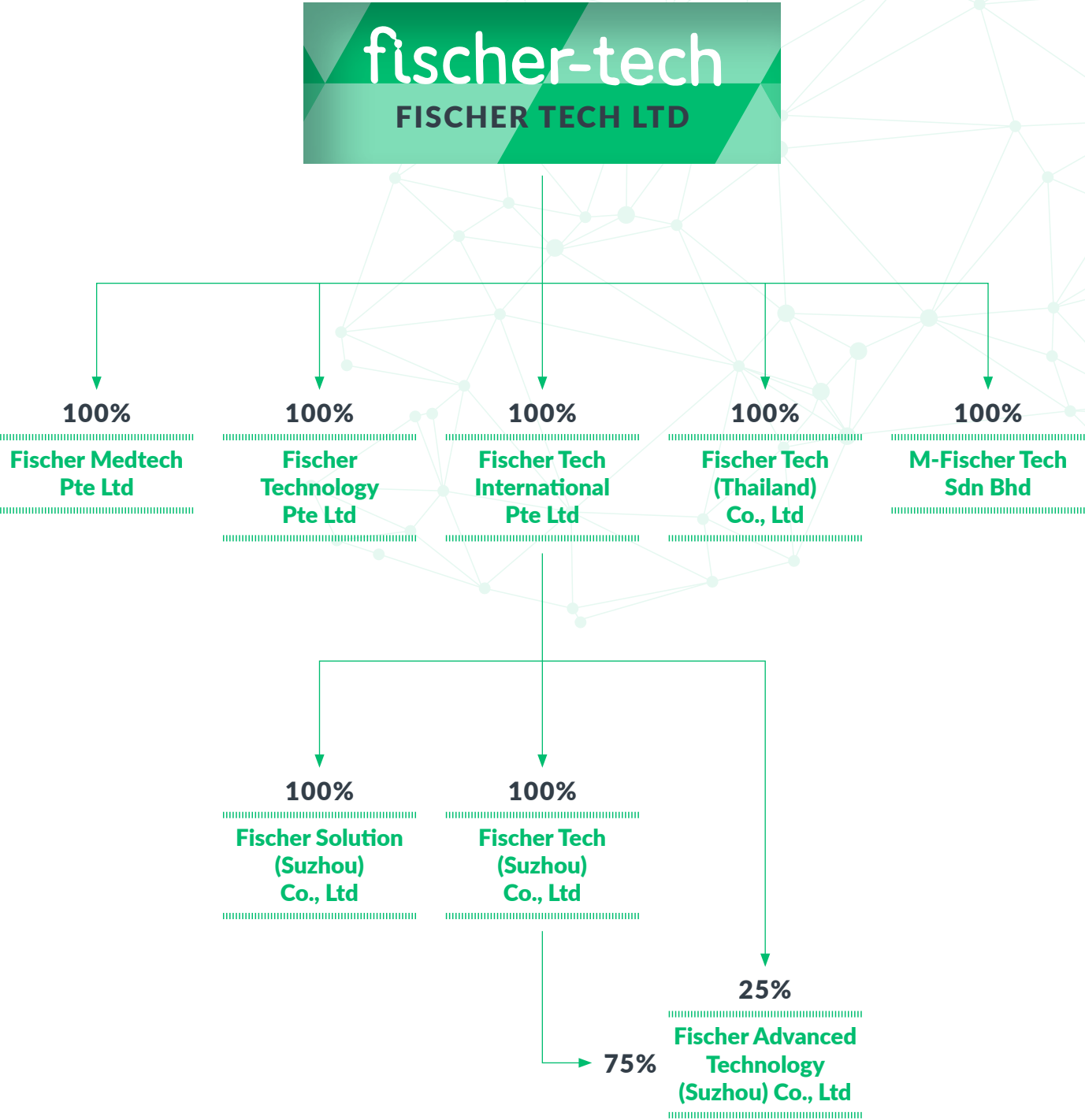
	2013	2014	2015	2016	2017
Income Statement (\$S'000)					
Revenue	132,523	143,211	168,265	187,944	178,086
Gross profit	26,649	26,781	30,964	39,365	39,623
EBITDA ⁽¹⁾	20,536	17,427	19,370	24,698	24,931
Profit before taxation	12,188	8,935	11,291	16,868	17,664
Income tax expense	(1,836)	(2,294)	(3,808)	(3,901)	(4,633)
Profit for the year	10,293	6,641	7,483	12,967	13,031
Balance Sheets (\$S'000)					
Non-current assets	44,184	41,539	36,735	36,993	47,746
Current assets	82,129	86,427	105,763	109,627	109,222
Total assets	126,313	127,966	142,498	146,620	156,968
Current liabilities	43,994	41,651	45,383	44,915	39,639
Non-current liabilities	1,229	1,303	1,377	1,117	7,651
Total equity	81,090	85,012	95,738	100,588	109,678
	2013*	2014*	2015*	2016*	2017
Financial Indicators					
Return on equity (%)	13.4	8.0	8.3	13.2	12.4
Net asset value per share (cents)	148.41	155.58	175.21	184.09	196.69 [^]
Earnings per share (cents)	18.84	12.15	13.70	23.73	23.49 [#]

* Computed based on share capital of 54,640,986 shares

[^] Computed based on share capital of 55,760,986 shares

[#] Computed based on weighted average number of 55,484,822 shares in issue during the year





Board of Directors



1

FOO MENG TONG

Mr Foo Meng Tong (appointed 1 March 1998, last re-appointed 29 July 2016) is a non-executive director of the Company. He is Chairman of the Board of Directors from 1st August 2000. He is also a member of the Audit, Nominating and Compensation Committees. Mr Foo is a director of public-listed company, DMX Technologies Group Ltd. Mr Foo worked for the Economic Development Board for a total of 26 years until April 1993. His last position there was Director, Industry Development and concurrently General Manager of EDB Investments Pte Ltd. During 1994 to 1997, Mr Foo served as Singapore's Ambassador to France with concurrent accreditations to Spain, Portugal, Switzerland (1994 to 1996) and Israel (1996 to 1997).



2

TAN CHOON KING

Mr Tan Choon King (appointed 18 July 1994) is the founder, President and Chief Executive Officer of the Company. Mr Tan has about 40 years of experience in the plastic injection moulding industry. He began his career at Asian Machine Pte Ltd in 1977 as a technician and progressed to the position of Engineering Manager when he left in 1987. He subsequently joined Tong Aik Plastic Factory Pte Ltd ("Tong Aik") in 1987. He was promoted to General Manager in 1990 and became a member of its Board of Directors in 1992. Mr Tan obtained his Craftsmanship Certification (Tool and Die Making) from the Rollei Government Training Centre (RGTC). He also holds a National Trade Certificate (Tool and Die Making) from the Institute of Technical Centre and was awarded a scholarship to Japan sponsored by Asian Machine Pte Ltd under the auspices of the Association of Technical Scholarship. During his stint in Japan, he was attached to Hitachi Works Ltd where he received training in plastics mould design and fabrication as well as plastics processing and secondary processes. He also received a Full Technology Certification in Mechanical Engineering from the City and Guilds of London Institute in 1983 and holds a Certificate in Industrial Management (UK) from the Management Development Institute of Singapore (MDIS), which he received in 1985.



3

CHAN KOK WAI, PETER

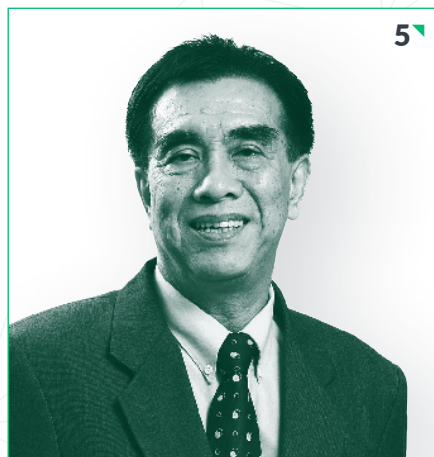
Mr Chan Kok Wai, Peter (appointed 18 November 2013, last re-elected 30 July 2014) is an executive director of the Company. He is currently the Chief Operating Officer of Fischer Tech Ltd. Mr Chan is also concurrently the Managing Director of Fischer Tech (Suzhou) Co., Ltd, Fischer Solution (Suzhou) Co., Ltd and Fischer Advanced Technology (Suzhou) Co., Ltd. He has more than 20 years of working experience in Suzhou, from pioneering of factories to managing the operations. Tapping from his background as far back from 1975, he started learning mold making with the EDB programme and gained a Scholarship training in Japan. Then, he was attached to Asian Machine, which was subsequently acquired by Hymold, for 22 years. He started as a Tool Maker for 8 years, worked in the secondary process department for 8 years and was Production Manager for another 6 years. In 1994, he was appointed to set up Hymold in Suzhou and later joined Pacific Plastic in 1997 as Assistant General Manager. He holds a Craftsman Certificate in Mold & Die, Diploma in Production Management and a Diploma in Business Management.

Board of Directors



NG BOON YEW

Mr Ng Boon Yew (appointed 18 June 2001, last re-elected 31 July 2015) is a non-executive and independent director of the Company. He is Chairman of the Audit and Nominating Committees and a member of the Compensation Committee. Mr Ng is the Chairman and Chief Executive Officer of Raffles Campus Pte Ltd. Mr Ng has more than 25 years of accounting and auditing experience in both the private and public sectors. He was a partner with an international accounting firm where he was involved in the audit of companies in various industries and the provision of corporate finance services in the area of valuation, mergers and acquisitions and corporate and business restructuring. He was a member of the Securities Industry Council. He served as Chairman of the Disclosure and Accounting Standards Committee and a member of the Council on Corporate Disclosure and Governance. Mr Ng is a member of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants. He is also an associate member of the Institute of Chartered Accountants in England and Wales, Institute of Chartered Secretaries and Administrators and Chartered Institute of Taxation.



MOY KOK LENG, JAMES

Mr Moy Kok Leng, James (appointed 2 January 2003, last re-elected 29 July 2016) is a non-executive and independent director of the Company. He is also Chairman of the Compensation Committee and a member of the Audit and Nominating Committees. Mr Moy is a Certified Management Consultant and a Corporate Trainer. He runs his own successful, 35 year-old consultancy practice serving many clients. His consultancy specialises in the areas of strategic change and organisational renewal, leadership development, sales and marketing and customer relationship, as well as in executive coaching and in personal development. He holds qualifications in management consultancy, business administration, personnel management and banking. He is also a Fellow Member of the Institute of Management Consultants (Singapore). Mr Moy has previously worked in senior management positions in several large and smaller organisations.



LEONG HONG KIAT, AMOS

Mr Leong Hong Kiat, Amos (appointed 1 April 2005, last re-elected 30 July 2014) is a non-executive director of the Company. He is currently the President and CEO of the Univac Group, which provides the highest quality design, development and global manufacturing solutions for medical devices and FMCG, precision tooling and injection molding, and turnkey supply-chain services. He is also Group General Manager of Venture Corporation's Component Technology Business that drives the overall strategy and direction of Venture Corporation's business in strategic components, and their related material and process technologies. In addition, Mr Leong has considerable expertise in the electronics manufacturing industry. His career began in 1987 as a supply-chain engineer in the manufacturing operations of Hewlett-Packard Singapore and since then, he has held numerous managerial positions in the Asia-Pacific field operations and product divisions in the US. After Agilent Technologies was separated from Hewlett-Packard, he was appointed as Vice President and General Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test businesses for Agilent. In 2004, he was appointed by Venture Corporation to assume his current leadership role for the Univac Group. Mr Leong received an honors degree in electrical and electronics engineering from the National University of Singapore.

Key Management

TAY KOK LEONG

Mr Tay Kok Leong is the Vice President, Engineering of the Company. His responsibility is to oversee the operations of the Group in areas such as production, quality assurance and testing and maintenance. Mr Tay joined the Company in 1994 as the Factory Manager and was promoted to Senior Operations Manager in October 2000, to oversee the entire manufacturing operations of the Company. Mr Tay has over 30 years of experience in the plastic injection moulding industry. Prior to joining our Company in July 1994, Mr Tay was the Factory Manager of Tong Aik from 1983 to 1994. During his stint at Tong Aik, he was overall in charge of its production department and liaised with Tong Aik's customers to ensure that their production schedules were met. Mr Tay received industrial training at the Industrial Training Institute.

TAN CHEE BUN, GORDON

Mr Tan Chee Bun, Gordon is the Chief Financial Officer of the Fischer Tech Group. He joined the Company in August 2000 as the Financial Controller and is overall in charge of the financial, accounting, human resource and administrative matters of the Company. In January 2004, he was promoted to the position of Chief Financial Officer. Mr Tan began his career at Ernst & Young, an international accounting firm where he undertook the audit of various companies. Between 1993 and 1994, Mr Tan worked in Wepco Ltd as Group Accountant where he assisted in overseeing its finance department and the computerisation of its new accounting system. Subsequently, he was promoted to the position of Finance Manager of both Tong Aik Plastic Factory Pte Ltd and Ray Tech Industry Pte Ltd (both of which are subsidiaries of Wepco Ltd). In 1996, Mr Tan became the Financial Controller of Omni Mold Ltd where he was responsible for the financial, taxation and management accounting functions of the Omni Mold Group. Mr Tan holds a Bachelor of Accountancy Degree from the National University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants.

TAY NGEEO JOO

Mr Tay Ngee Joo is the General Manager of Fischer Tech Ltd. He is also concurrently the General Manager of Fischer Medtech Pte Ltd and Fischer Technology Pte Ltd. Mr Tay joined Fischer Tech in May 2000 as an Operations Manager responsible for overseeing the laser marking and decorative finishing departments. Subsequently, he was promoted to the position of Business Development Director and then to the current position. From 1983 to 1996, Mr Tay worked as a Quality Assurance Manager in JVC where he was responsible for budgeting, policy and objective planning as well as promoting JVC's products to its suppliers. Subsequently, Mr Tay spent two years from 1996 to 1998 in Preshion Engineering Plastec Pte Ltd, where he was in charge of new model development, product quality and planning of production schedules. From 1998 to 2000, he was a director

of Preshion Engineering Plastec, Indonesia ("PEPI"), where he was responsible for business development and managing the plastic injection moulding and secondary processes of the PEPI plant. Mr Tay holds a National Trade Certificate in Machining from Jurong Vocational Institute.

ANG YANN SIANG

Mr Ang Yann Siang is the General Manager of Fischer Tech (Suzhou) Co., Ltd. He is also concurrently the General Manager of Fischer Solution (Suzhou) Co., Ltd and Fischer Advanced Technology (Suzhou) Co., Ltd. Mr Ang joined Fischer Tech in June 2006 as a Plant Manager and was responsible for overseeing the operations department before assuming his current position.

Mr Ang spent 6 years from 2000 to 2006 in Omni Plastic (Suzhou) Co., Ltd, where he was in charge of the operations of its Suzhou factory. He holds a Master of Business Administration from University of Wales.

JITTI LIMIM

Mr Jitti Limim is the General Manager of Fischer Tech (Thailand) Co., Ltd. He joined the company in March 2007 as an Operation Manager. Subsequently, he was promoted to the position of Assistant General Manager in October 2008 and then to General Manager in January 2015. From June 2006 to March 2007, Mr Jitti Limim worked as an Operation Manager in Siam Engineering Plastic Co., Ltd, where he was responsible for overseeing the operation department, improve the operational systems, business process and organisational planning. Prior to that, he worked as an Engineering Manager for 2 years from 2004 to 2006 in Engineering Plastic Product Co., Ltd (EPP). Mr Jitti Limim holds a Master of Management (M.M.) from Mahidol University College of Management, Bangkok, Thailand.

LEE CHENG KIANG NICHOLAS

Nicholas Lee is the current Business and Project Development Director of Fischer Tech (Thailand) Co., Ltd. He joined Fischer Tech Ltd in January 2008 as a Project Director and since February 2010, was seconded to Fischer Tech (Thailand) to support its operations.

Prior to Fischer Tech, Mr Lee brings onboard 18 years of involvement with design and development of home & car electronics products from a leading consumer electronics company. His last position held was General Manager (Design Division). His value add to the business was evident through his proactive response to various customer demands through the management of design and development of new products.

He holds a Tool Design certification from Singapore Polytechnic and Management Studies from Management Development Institute of Singapore and Leicester University (UK).



ETHICAL BUSINESS PRACTICES

Fischer Tech is committed to upholding the highest standards of business ethics and integrity in all our business dealings. We are also committed to ensuring that our businesses comply with all the relevant regulatory requirements applicable to the locations in which we operate. The Group has a Code of Business Ethics framework for governing the way employees conduct business and ensuring accountability, honesty and responsibility in all their dealings and relationships with stakeholders.

The Group has a Whistle Blowing Policy which provides a channel for employees to report incidents of unethical or questionable practices, transactions or unbecoming behaviour of employees or business partners.

The Group adopts a proactive approach to inculcate in the workforce a culture of acceptable business practices and moral values. Employees are given opportunities to participate in community activities that can imbue in them an appreciation of traditional values, empathy for the less fortunate and awareness of the environment.

The management and staff of Fischer Tech Thailand continued to organise the annual "Making Merit" activity on 27 January 2017. In this activity, workers offered food and oblations to monks. The objective of the event was to enable participants to accumulate good deeds and good thoughts so that they can reach a higher level of spirituality and bring good luck to the Group.

ENVIRONMENT, SAFETY AND HEALTH

We place high priority in ensuring that our employees work in a safe environment which promotes good health and personal development. We have and will continue to reduce the impact of our production activities on the environment. Our facilities and equipment are designed to meet stringent safety guidelines to minimise accident and health risks. Many of the Group's facilities have achieved ISO14001 and OSHA18001 certification.

Regular talks and discussions on workplace health and safety were organised to increase employees' awareness of and compliance to the Group's Environment, Health and Safety (EHS) policies and guidelines. In our various manufacturing plants, workers participated in training courses on good safety practices and fire prevention programmes, including hands-on training in the use of different kinds of fire protection equipment.

During the year, regular talks and lessons were conducted for new employees at our manufacturing plants to educate and train them on workplace safety and health. The workers learned fire prevention practices and skills including using simple fire-fighting equipment like fire extinguishers. Fire-drills and hands-on training on how to respond to emergency situations were also conducted.

The Group provides annual health screening and medical check-up services for all our employees. These services enable workers to monitor their health and to seek timely and appropriate treatment to address any health issue. In our Thailand factory, the Group provided Hepatitis B vaccine for our workers as part of the health benefits for our staff.

Corporate Social Responsibility

FOSTERING A FUTURE READY WORKFORCE

Our workforce is diverse spanning four countries. We are united by our shared commitment and vision to become a world class precision engineering company. We are committed to invest in training and development of our workers so that they can be imbued with relevant skills and expertise to power the transformation of our operations into the "Factory of the Future". The imperative to adopt digital manufacturing processes to sharpen our competitive edge is compelling. As we leverage Industry 4.0 technologies to enable digital manufacturing, we will in tandem enhance the readiness of our workforce to embrace change and raise the level of their skills and knowledge to manage advanced manufacturing systems.

The Group has structured training and development programmes in all our plants. Based on their training and career development needs, our workers are provided training and development opportunities to advance their personal development progress as well as contributing to the Group's growth and transformation. In addition to formal classroom training, some of our development programmes were conducted off-site in informal settings which are effective to building camaraderie and team spirit.

BUILDING A STRONG TEAM

We continued our efforts to cultivate a culture of strong team work which is essential to harnessing the synergies of advanced technologies, complex automated machines and equipment and digital manufacturing systems. During the year, many team building activities were organised. These include regular management-staff dialogue sessions both in-house and off-site which contributed to increased trust and stronger labour-management relations.

During the year, many incentive programmes were organised to recognise workers for their hard work and contributions as well as to enhance team spirit. In China, our subsidiaries organised several company-sponsored tours and sight-seeing trips for our staff to places of interests in Zhejiang and Jiangsu provinces.



In Thailand, our subsidiary organised the annual Songkran Day activities to celebrate the New Year. The festivities included the traditional washing the hands of the elders as a way of showing respect and reinforcing the sense of belonging as one big family in Fischer Tech. Other team building activities included the annual Sports Day and Loy Krathong festival where workers can make beautiful krathong from natural resources, reinforcing team work and environmental awareness.

FAIR EMPLOYMENT PRACTICES

Fischer Tech respects the right of every individual to be given the opportunity for meaningful employment. In this respect, we provide employment opportunities to qualified people with the right skill sets, values and potential regardless of their race, gender or religious affiliation.

As a responsible corporate citizen, we comply with all relevant labour laws in the countries where we operate. We believe that this is essential to enhancing our ability to attract the best talents which in turn will enable us to provide the best products and services for our customers. Our human resource policies are based on fair employment practices and focused on developing a committed, motivated and happy workforce. We are committed to empowering our workers to develop their potential to their fullest and building a world class workforce to drive the Group towards future growth.

SOCIAL ACTIVITIES

During the year, many social and sports activities were organised for the benefit of workers. They provide opportunities for staff to relax and build team spirit. The Group also used these activities to recognise the achievements and contributions of outstanding staff and to inspire the workforce to strive for greater accomplishments. All the Group's entities have Annual Dinners which are usually the major social events of the year. These dinners are effective platforms for strengthening corporate identity among the staff and instilling pride in the Group's achievements.

In line with the Group's diversity, our subsidiaries also celebrated different cultural and religious festivals including Lunar New Year, Christmas and Mid-Autumn festivals.



Statutory Reports and Financial Statements

CONTENTS

18	Corporate Governance Report
32	Directors' Statement
38	Independent Auditor's Report
42	Consolidated Income Statement
43	Consolidated Statement of Comprehensive Income
44	Balance Sheets
45	Statements of Changes in Equity
49	Consolidated Cash Flow Statement
51	Notes to the Financial Statements
95	Statistics of Shareholdings
96	Substantial Shareholders
97	Notice of Annual General Meeting and Notice of Books Closure Date
	Proxy Form

Corporate Governance Report

The Board of Directors ("the Board") and management of Fischer Tech Ltd ("the Company") are committed to maintaining a high standard of corporate governance within the Company and its subsidiaries ("the Group"). Good corporate governance establishes and maintains a legal and ethical environment in the Group, which strives to enhance and safeguard the interests of all shareholders. This report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2012 ("the Code"). In the following sections covering each of the principles, we have outlined our policies and practices and where appropriate, we have provided explanation for any deviation from the Code.

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board oversees the business affairs of the Group, approves the financial objectives and strategies; monitors standards of performance; and issues policies. The Board delegates the day-to-day operations of the Group to the management while reserving certain key matters for its approval. The Board is accountable to the shareholders while the management is accountable to the Board. The Board has six members comprising two executive directors, two non-executive directors and two independent directors.

The Board's principal functions include the following:

- (1) Supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction;
- (2) Formulating and approving financial objectives of the Group and monitoring its performances such as reviewing and approving of results announcements and approving of annual financial statements;
- (3) Overseeing the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested person transactions;
- (4) Assuming responsibility for corporate governance and compliances with the Companies Act and the rules and regulations of the relevant regulatory bodies; and
- (5) Evaluating performance of and approving the nomination to the Board.

Matters that are specifically reserved for the approval of the Board include mergers and acquisitions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuance and formulation of dividend policy.

The Board has adopted a set of internal guidelines on the matters requiring Board approval. These include:

- (a) Matters relating to capital market operations e.g. rights issue, bonus issue, private placement, dividend, merger or acquisition;
- (b) Matters pertaining to the acceptance of any credit facilities, material acquisition and disposal of assets, the provision of any guarantees or indemnities or any collaterals, or otherwise committing the company or its group companies to any material long-term contracts or obligations;
- (c) Matters that may have a material impact on the system of internal control; or exposes the company and its group companies to significant business, financial or operating risks such as appointment/change of auditors and entry into new business, new markets or setting up of any overseas office; and
- (d) Matters relating to the proper corporate and financial governance and performance of the company and its group companies such as approval of financial and capital expenditure budgets and adoption of annual accounts and declaration of dividends.

Corporate Governance Report

Certain functions have been delegated to various Board committees, namely, the Audit Committee, the Compensation Committee and the Nominating Committee. Each of the committees has its own terms of reference setting out the scope of its duties and responsibilities and rules and procedures governing the manner in which each is to operate.

The Board conducts at least two meetings a year. Additional meetings are convened when deemed necessary by the Board. In financial year 2017, the directors conducted 2 Board meetings, 4 Audit Committee meetings, 2 Compensation Committee meetings and 1 Nominating Committee meeting. The directors' attendances at these meetings were as follows:

		Board	Audit Committee	Compensation Committee	Nominating Committee
	Name of Directors	No. of Meetings attended	No. of Meetings attended	No. of Meetings attended	No. of Meetings attended
1	Foo Meng Tong ⁽¹⁾	2	4	2	1
2	Tan Choon King ⁽²⁾	2	4	2	1
3	Chan Kok Wai, Peter	2	–	–	–
4	Ng Boon Yew ⁽³⁾	2	4	2	1
5	Moy Kok Leng, James ⁽⁴⁾	1	3	2	1
6	Leong Hong Kiat, Amos ⁽⁵⁾	2	3	–	–

Note:

⁽¹⁾ Mr Foo Meng Tong is a member of the Audit, Compensation and Nominating Committees.

⁽²⁾ Mr Tan Choon King attended the Audit, Compensation and Nominating Committee meetings by invitation.

⁽³⁾ Mr Ng Boon Yew is the Chairman of the Audit and Nominating Committees. He is also a member of the Compensation Committee.

⁽⁴⁾ Mr Moy Kok Leng, James is the Chairman of the Compensation Committee and a member of the Audit and Nominating Committees.

⁽⁵⁾ Mr Leong Hong Kiat, Amos attended the Audit Committee meetings by invitation.

For expediency, Board papers supplement Board meetings and Board members are free to seek further clarification and explanation from management on the Board papers circulated. All directors have unrestricted access to the Company's records and information and the independent directors have access to all levels of senior executives and are free to speak to other employees to seek further information.

To facilitate the convening of ad-hoc Board meetings as and when the need arises, the Company's Constitution allow Board meetings to be conducted by way of tele-conferencing or video-conferencing.

Management monitors changes to regulations and Financial Reporting Standards closely. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or directors' disclosure obligations, directors are briefed either during Board meetings or at specially convened sessions conducted by professionals.

Newly appointed directors will be given orientation by way of briefings by the management on the business activities of the Group and its strategic directions as well as their duties and responsibilities as directors. The directors are also updated on changes in the operating environment, laws and regulations affecting the Group. Where necessary and when opportunity arises, independent directors will be invited for plant visits at the key manufacturing facilities to enhance their understanding of the Group's business and operations.

Newly appointed Directors will also be recommended by the Nominating Committee to attend training in the roles and responsibilities of a listed company director if they do not have any prior experience.

To keep abreast with developments in corporate, financial, legal and other compliance requirements, Directors are encouraged to attend relevant courses, conferences and seminars funded by the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The majority of directors are non-executive and independent of management. The Board comprises six members of whom two are executive directors, two non-executive directors and two independent directors. At least one third of the Board comprises independent directors.

There is strong and independent element on the Board. The Board is able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decisions of the Board.

The independent directors are Mr Ng Boon Yew and Mr Moy Kok Leng, James. The independence of each director is assessed by the Nominating Committee annually. Each independent director is required to declare his independence in writing in accordance to the guidelines set out in the Code.

In assessing the independence of each director, the Nominating Committee took into account the following, amongst others:

- (1) Whether the director is involved in the day to day management of the Company;
- (2) Whether the company or any of the related corporation for the current or any of the past three financial years has employed the director;
- (3) Whether the director is financially dependent on the director's fee received from the Company;
- (4) Whether the director has expressed his views and exercises his judgment independently at all times and that the Company has benefitted from his business acumen and insights; and
- (5) Whether the director who, in current or immediate past financial year, or whose immediate family member, in current or past financial year, is or was a 10% shareholder of, or a partner in (10% or more stake) or an executive officer of or a director of, any organisation to which the company or any of its subsidiaries received significant payments or material services (including auditing, banking, consulting and legal services) in the current or immediate past financial year.

As at 31 March 2017, the two independent directors have served on the Board for more than nine years from the date of their respective first appointments. In subjecting the independence of Mr Ng Boon Yew and Mr Moy Kok Leng, James to particularly rigorous review, the Nominating Committee and the Board have (with each of them abstaining from discussion and deliberation on their independence) placed more emphasis on whether each of them has demonstrated independent judgment, integrity, professionalism and objectivity in the discharge of his duties rather than imposing a maximum number of years that he should serve. The Nominating Committee and the Board have noted that each of them has not hesitated to express his own viewpoints as well as seeking clarification from Management on issues he deems necessary. It is noted that each of them is able to exercise objective judgment on corporate matter independently, in particular from Management and 10% shareholders, notwithstanding that each of them has served more than 9 years on the Board. After due consideration and careful assessment, the Nominating Committee and the Board are of the view that Mr Ng Boon Yew and Mr Moy Kok Leng, James remain independent.

The Nominating Committee is also of the opinion that the directors, who have been classified as independent under the Board Composition section, are indeed independent and the current size of the Board is adequate for the purposes of the Group.

The Nominating Committee is of the view that the current directors have an appropriate mix of core competencies and a broad range of industry knowledge and business experience to govern and contribute to the effectiveness and success of the Group. The Nominating Committee reviews the size of the Board from time to time.

The Board has no dissenting view on the Chairman's and Chief Executive Officer's letter to shareholders for the year in review.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company has a separate Chairman and Chief Executive Officer who are not related. There is a clear segregation of the roles and responsibilities between the Chairman and the Chief Executive Officer.

The Chairman is Mr Foo Meng Tong, a non-executive director who bears responsibility for the working of the Board. As the Chairman, he is responsible for, among others, the following:

- (1) lead the Board to ensure its effectiveness on all aspects of its role;
- (2) schedule meetings with the Board and preparing meeting agenda with the assistance of the Company Secretary and in consultation with the Chief Executive Officer prior to the meeting. In addition, he also ensure adequate time is available for discussion on all agenda items, in particular strategic issues;
- (3) promote a culture of openness and debate at the Board;
- (4) exercise control over quality, quantity and timeliness of the flow of information between the management and the Board;
- (5) ensure effective communication with shareholders;
- (6) encourage constructive relations within the Board and between the Board and Management;
- (7) facilitate effective contribution of non-executive directors; and
- (8) promote high standard of corporate governance.

The Chief Executive Officer ("CEO") is Mr Tan Choon King, the most senior executive in the Company who bears executive responsibility for the management of the Company and the Group. He is also the Managing Director and is responsible for the running of the Group's business and has the full executive responsibilities over the business directions and operational decisions of the Group. The Managing Director need not retire by rotation as provided by the Constitution of the Company.

Under Guideline 3.3 of the Code, every company should appoint an independent director to be the lead independent director where the Chairman and the CEO is the same person or are immediate family members or the Chairman is part of the management team or is not an independent director. The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer ("CFO") or equivalent, has failed to resolve or is inappropriate.

The role of Chairman is separate from that of the CEO of the Company and there is considerable accountability and transparency within the Group. The independent directors currently form one-third of the Board and exercise objective judgment on corporate matters impartially thus ensuring a balance of power and authority. Further, shareholders could contact the two independent directors when they have concerns and for which contact through normal channels of the Chairman, the CEO or CFO has failed to resolve or is inappropriate. In view of these reasons, the Company is of the view that it is not necessary to appoint any lead independent director.

BOARD MEMBERSHIP AND BOARD PERFORMANCE

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

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

Corporate Governance Report

The Nominating Committee ("NC") comprises two independent directors and a non-executive director. Mr Ng Boon Yew, who is an independent director, chairs the NC. The other members of the NC are Mr Moy Kok Leng, James (independent director) and Mr Foo Meng Tong (non-executive director).

The NC has adopted a set of Terms of Reference that include the following functions:

- (1) The appointment or re-election of members of the Board and of the various Board Committees;
- (2) Evaluating and assessing the effectiveness of the Board as a whole, and the contribution made by each individual director to the effectiveness of the Board. The NC has considered a number of factors, including those set out in the Code, for the purpose of such evaluation and assessment;
- (3) Determining the independence of directors;
- (4) Review the composition of the Board annually to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- (5) Review succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future; and
- (6) Where a director has multiple board representations, to decide whether the director is able to and has been adequately carrying out his duties as Director.

New directors, where appropriate and necessary, are appointed by way of a board resolution, after the NC has approved their nomination. Such new directors submit themselves for re-election at the next Annual General Meeting ("AGM"). The Company's Constitution requires one-third of the Board to retire by rotation at every AGM.

The NC, in considering the nomination of any director for re-election, will evaluate the performance and independence of the Director involved.

The NC has recommended that Mr Leong Hong Kiat, Amos and Mr Chan Kok Wai, Peter, who are retiring by rotation pursuant to Article 91 of the Company's Constitution, at the forthcoming AGM, be re-elected.

The retiring directors have offered themselves for re-election. The Board has accepted the recommendations of the NC.

The dates of initial appointment and last re-election/re-appointment of each director are set out below:

	Name of Directors	Appointment	Date of Initial Appointment	Date of Last Re-Election/ Re-Appointment
1	Foo Meng Tong	Non-Executive Chairman	1 March 1998	29 July 2016
2	Tan Choon King ⁽¹⁾	Chief Executive Officer	18 July 1994	N.A.
3	Chan Kok Wai, Peter	Chief Operating Officer	18 November 2013	30 July 2014
4	Ng Boon Yew	Independent Director	18 June 2001	31 July 2015
5	Moy Kok Leng, James	Independent Director	2 January 2003	29 July 2016
6	Leong Hong Kiat, Amos	Non-Executive Director	1 April 2005	30 July 2014

Note:

⁽¹⁾ Mr Tan Choon King is also the Managing Director and need not retire by rotation as provided by the Constitution.

The profiles of all directors are set out on pages 12 to 13 of the Annual Report.

Corporate Governance Report

The NC believes that contributions from each director can be reflected in other ways other than the reporting of attendances of each director at Board and Committee Meetings as well as the frequency of such Meetings. A director would have been appointed on the strength of his experience and stature, and his potential to contribute to the proper guidance of the Group and its business. To focus on a director's attendance at formal Meetings alone may lead to a narrow view of a director's contribution. It may also not do justice to his contributions, which can be in many forms, including management's access to him for guidance or exchange of views outside the formal environment of the Board.

The NC is responsible for identifying, selecting and evaluating candidate for new directorship. Factors such as background, experience, commitment, knowledge in business, finance and management will be considered in the selection and evaluation process. The search and nomination process, if any, will be through search companies, contacts and recommendations so as to cast its net as wide as possible for the right candidate.

The NC is of the view that whilst it is important for directors to devote sufficient time and attention to the affairs of the Group, the issue relating to multiple board representations should be left to the judgment and discretion of each director. As such, the NC and the Board have decided not to set any maximum number of listed company board representations that any director may hold.

The NC is of the view that the current size of the Board is adequate for the purposes of the Group. While the Board does not consist of any female director at the moment, its current composition with appropriate mix of expertise and experience enables Management to benefit from a diverse and objective perspective on any issues raised before the Board. Therefore, the NC felt that there was no need to increase the board size or appoint a female director currently.

The NC formally evaluates and assesses the effectiveness of the Board and each director annually, taking into consideration appropriate performance criteria. The findings of such evaluations were analysed and discussed with a view to identifying areas for improvement and implementing certain recommendations to further enhance the effectiveness of the Board.

The NC in its evaluation has reviewed and considered aspects such as the director's integrity, impartiality, attendance, communication, participation and assessed the contributions of these directors to the Group's businesses and operations.

No external facilitator had been engaged by the Board for this purpose.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The management has provided the members of the Board with management accounts on a monthly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting. The annual Budgets are submitted to the Board for review and approval and actual result is compared against the corresponding period of last year and the budget periodically to monitor performance.

The directors are kept informed by the CEO on the status of on-going activities, opportunities and business trends during meetings. Where a decision has to be made other than in a Board meeting, a circulating directors' resolution is done in accordance with the Constitution of the Company and the directors are provided with all necessary information to enable them to make informed decisions.

The Board has separate and independent access to the Company Secretary at all times and the Company Secretary attends all Board and Committee meetings and is responsible for ensuring that Board procedures are followed. The appointment and removal of the Company Secretary should be a matter for the Board as a whole. The Board also has access to independent professional advice where necessary, at the Company's expense.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION AND DISCLOSURE OF REMUNERATION

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

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Compensation Committee ("CC") comprises two independent directors and a non-executive director. Mr Moy Kok Leng, James, chairs the CC. The other members of the CC are Mr Ng Boon Yew and Mr Foo Meng Tong.

The CC has adopted a set of Terms of Reference that include the following functions:

- (1) Review and recommend appropriate remuneration policy and package (in all its forms, including but not limited to director's fees, salaries, allowances, bonuses, performance shares and benefits-in-kind) and associated matters of the executive and non-executive directors of the Board and key senior management executives of the Company;
- (2) Consider what compensation commitments the directors' or executive officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance and to recognise the duty to mitigate loss; and
- (3) Periodically consider and review remuneration packages in order to maintain their attractiveness, to retain and motivate the directors and key management personnel and to align their interests with the Company and shareholders.

No director or member of the CC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the CC to assist it in its deliberations. The CC's recommendations are submitted for endorsement by the entire Board.

The CC has access to expert professional advice on remuneration matters whenever there is a need to obtain such advice.

In setting remuneration packages, the CC takes into consideration salary and employment conditions within the same industry and in comparable companies, as well as the individual performance and that of the Group and subsidiary companies.

As part of its deliberation, the CC ensures that the remuneration package of executive directors and key management personnel commensurate with their performance and that the performance-related elements of remuneration would form a certain proportion of their total remuneration package.

The remuneration of the executive directors and key management personnel comprise a basic salary component, a variable component which is the performance bonus and profit sharing bonus, based on individual performance and the performance of the Group and subsidiary companies and a benefit component such as performance shares, car, club membership, etc, given or made available as appropriate. The executive directors do not receive directors' fees.

The independent and non-executive directors receive directors' fees, which comprise a base fee as well as fees for chairing certain Board committees. Directors' fees are proposed by the CC and recommended by the Board for approval by the shareholders at the Company's Annual General Meeting.

The review of the compensation of directors and key management personnel are carried by the CC annually to ensure that the remuneration commensurate with their performance and the financial performance of the Group and subsidiary companies.

Corporate Governance Report

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The CC will consider, if required, whether there is a requirement to institute such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the executive directors and key management personnel paid in prior years in such exceptional circumstances.

A breakdown of the level and mix of remuneration paid to directors and top five key management personnel in remuneration bands of \$250,000 for financial year ended 31 March 2017 are as follows:

Remuneration Bands and Names of Directors	Salary %	Bonus/Profit Sharing %	Performance Shares/Other Benefits %	Fees ⁽¹⁾ %	Total %
Between \$2,500,000 to \$2,749,999					
Tan Choon King	30	68	2	–	100
Between \$1,750,000 to \$1,999,999					
Chan Kok Wai, Peter	19	49	32	–	100
Below \$250,000					
Foo Meng Tong	–	–	–	100	100
Ng Boon Yew	–	–	–	100	100
Moy Kok Leng, James	–	–	–	100	100
Leong Hong Kiat, Amos ⁽²⁾	–	–	–	100	100

Note:

⁽¹⁾ Subject to approval as a lump sum at the Annual General Meeting ("AGM") for financial year ended 31 March 2017.

⁽²⁾ Mr Leong Hong Kiat, Amos is the representative of Univac Precision Engineering Pte Ltd and his fees will be paid to Univac Precision Engineering once the fees are approved at the AGM.

In view of the confidentiality, the competitive nature of remuneration packages and the highly competitive industry conditions in which the Group operates in, the Board is of the opinion that it is in the best interest of the Group not to disclose the remuneration of the CEO and each individual director in dollar terms.

Remuneration Bands of top 5 key personnel who are not Directors or CEO	Salary %	Bonus/Profit Sharing %	Performance Shares/Other Benefits %	Total %
Between \$1,000,000 to \$1,249,999				
Tay Kok Leong	26	42	32	100
Ang Yann Siang	21	36	43	100
Between \$750,000 to \$999,999				
Tan Chee Bun Gordon	31	35	34	100
Between \$250,000 to \$499,999				
Tay Ngee Joo	45	24	31	100
Jitti Limim	33	34	33	100

The aggregate total remuneration paid to the top 5 key management personnel was S\$3.90 million.

Given the highly competitive industry conditions in which the Group operates in and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Board is of the opinion that it is in the best interest of the Group not to disclose the exact remuneration of the key management personnel (who are not Directors). Instead, their remuneration is set out in bands of \$250,000 as above. Their profiles are found on page 14 of the Annual Report.

Corporate Governance Report

The remuneration of an employee who is an immediate family member of a director for financial year ended 31 March 2017 is as follows:

Name of employee who is related to a Director	Salary %	Bonus %	Allowances/ Other Benefits %	Total %
Between \$50,000 to \$99,999				
Tan Kuan Yan, Justin	86	7	7	100

Mr Justin Tan is the son of Mr Tan Choon King, the CEO and a controlling shareholder of the Company.

ACCOUNTABILITY

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

The shareholders are provided with detailed analysis, explanation and assessment of the Group's financial position and prospects in the Company's annual and half-yearly results announcements and the Annual Report.

On a monthly basis, Board members are provided with management accounts detailing up-to-date financial reports and other information on the Group's performance.

The management also provides the Audit Committee and the Board with detailed management accounts of the Group's performance and position on a quarterly and half-yearly basis, respectively.

RISK MANAGEMENT AND INTERNAL CONTROLS AND AUDIT COMMITTEE

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC"), with the assistance of the internal auditor and external auditor, reviews and reports to the Board on the adequacy of the company's system of internal controls, including financial, operational and compliance controls and taking into consideration the risk management perspective. In assessing the effectiveness of internal controls, the AC ensures primarily key objectives are met, material assets safeguarded and financial information is prepared in compliance with applicable internal policies, laws and regulations. The Group is also continually reviewing and improving business and operational activities, which includes reviewing management and manpower resources, updating and improving on work flows, processes and procedures to meet the current and future market conditions.

An Enterprise Risk Management ("ERM") framework is in place to enhance its risk management process and to formalise the assessment, reporting and monitoring of significant risks that the Group faces in the course of its business and in achieving its business objectives. The ERM program being implemented is integrated in the Group and is an essential part of its business planning and monitoring process. Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategy. A Control Self Assessment reporting framework has also been implemented by all operating subsidiaries to self-assess internal controls, financial, compliance and operational risk and to highlight and address any significant weakness and risks identified. On an annual basis, management reviews all significant control policies and key risks affecting the operations and highlights all significant matters to the AC and the Board.

Corporate Governance Report

For the financial year under review, the Board has received assurance from the CEO and the CFO:

- (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Group's operations and finances; and
- (b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and the statutory audit conducted by the external auditor, and reviews performed by Management and various Board committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management, were adequate and effective as at 31 March 2017 to meet the needs of the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations.

While acknowledging their responsibility for the system of internal controls, the Directors are aware that such a system is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or mis-statements, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

The AC comprises three members, two of whom are independent directors and a non-executive director:

Ng Boon Yew (Chairman, independent director)
Moy Kok Leng, James (Independent director)
Foo Meng Tong (Non-executive director)

As the members of the AC have many years of experience in accounting and finance related industries, the Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

The AC has adopted a set of Terms of Reference that include the following functions:

- (1) Review the audit plans and the scope of examination of the external auditor and the internal audit function of the Company;
- (2) Review the annual, half-yearly and quarterly financial statements of the Company as well as, where applicable, the external auditor's report thereon;
- (3) Review the reports of the internal audit function;
- (4) Review the effectiveness of the Company's system of accounting and financial controls;
- (5) Review and report to the Board at least annually the adequacy and effectiveness of company's internal controls, including financial, operational, compliance and information technology controls;
- (6) Review the risk management structure and overall risk tolerance including current risk exposures and future risk strategy, oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- (7) Review interested person transactions to ensure such transactions are conducted at arm's length and on normal commercial terms;
- (8) Review the independence and objectivity of the external auditor annually;
- (9) Review the nature and extent of non-audit services performed by the external auditor;
- (10) Consider the re-appointment of external auditor before recommending to the Board for approval;

Corporate Governance Report

- (11) Examine whatever aspects it deems appropriate of the Group's financial affairs, its external audits and its exposure to risks of a regulatory or legal nature;
- (12) Review whistle-blowing investigations within the Group and to ensure appropriate follow-up action, if required; and
- (13) Conduct investigations into any matter within its terms of reference.

The AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters were discussed with Management and the external auditor and reviewed by the AC in respect of FY 2017:

Matters Considered	Audit Committee's Comments
Impairment assessment of goodwill, plant and equipment and cost of investment of subsidiaries	The AC considered the methodology and key assumptions used in the valuation model in assessing the impairment assessment of goodwill, plant and equipment and cost of investment in subsidiaries. It reviewed the reasonableness of cash flow forecasts, long term growth rate, gross margins and discount rates used in the valuation models. After due considerations, the AC was satisfied with Management's assessment and projections. The external auditor has included this item as a key audit matter in its audit report for the year ended 31 March 2017. Please refer to page 38 and 39 of this Annual Report.
Adequacy of allowance for trade receivables	The AC reviewed management policy in granting of credit limits, credit terms, credit controls and debt collection. It considered the ageing and reasonableness of the recoverability of trade receivables and for overdue amounts, the reasons for the delays in collections and the steps taken to effect collection. The AC has reviewed follow up procedure taken by Management and their consideration based on past payment track records. After due considerations, the AC was satisfied with Management's assessment. The external auditor has included this item as a key audit matter in its audit report for the year ended 31 March 2017. Please refer to page 39 of this Annual Report.
Allowance for inventory write-down	The AC reviewed management policy in inventory control, inventory ageing and inventory valuation. It has considered Management's analyses and assessment of obsolete inventories and the adequacies of provisions and that inventories have been stated at lower of cost or net realisable value. After due considerations, the AC was satisfied with Management's assessment. The external auditor has included this item as a key audit matter in its audit report for the year ended 31 March 2017. Please refer to page 39 of this Annual Report.

In performing its functions, the AC meets with the internal auditor and external auditor without the presence of management at least once annually. The AC reviews the findings of both the internal and external auditors and the assistance given to them by management. Minutes of the Audit Committee meetings are regularly submitted to the Board for its information and review. In addition, updates on changes in accounting standards and treatment are prepared by external auditor and circulated to members of the AC periodically for information.

The AC has full access to and co-operation by the Company's management, and has full discretion to invite any director or executive officer to attend its meetings. The AC has reasonable resources to enable it to discharge its functions properly.

The AC held four meetings during the financial year 2017.

Corporate Governance Report

The AC has reviewed the nature and extent of non-audit services provided by Ernst & Young LLP ("EY") and the fees paid for its audit services, non-audit services and the aggregate amount of fees paid in respect of the financial year ended 31 March 2017. The AC has reviewed the nature and amount of non-audit fees paid to the external auditor and is of the view that the independence of EY as external auditor of the Company has not been compromised.

The AC has also reviewed and confirmed that EY is a suitable audit firm to meet the Company's audit obligations, having regards to the adequacy of resources and experience of the firm and the assigned audit engagement partner, EY's other audit engagements, size and complexity of the Fischer Tech Group, number and experience of supervisory and professional staff assigned to the audit. Accordingly, the AC recommended to the Board the re-appointment of EY as External Auditor of the Group for the financial year ending 31 March 2018. The Company has complied with Rule 712 of the Listing Manual.

The Group has complied with Rule 715 of the Listing Manual in relation to its auditing firms. EY has been engaged to audit the financial statements of the Company and its Singapore-incorporated subsidiaries. The Group does not have any associated companies. The financial statements of all the foreign-incorporated subsidiaries are audited by EY member firms in the respective countries for group consolidation purposes. As such, Rule 716 does not apply to the Group.

The Company has also put in place a whistle blowing policy, which provides well-defined and accessible channels in the Group through which employees and third parties may raise concerns in the event that they may encounter any improper conduct within the Group. Arrangements are also in place to ensure independent investigation of such matters, appropriate follow-up actions and results reported to the AC and the Board.

INTERNAL AUDIT

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

The Company appointed BDO LLP ("IA") to perform the Group's internal audit function. The Company ensures that the IA meets with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The IA reports directly to the chairman of the AC on audit matters and to the Chief Executive Officer on administrative matters. The AC shall on an annual basis, ensure that the internal audit function has adequate resources and appropriate standing within the Group. During the financial year, the IA performed audits of the internal controls of Fischer Technology Pte Ltd, Fischer Tech (Thailand) Co., Ltd, Fischer Solution (Suzhou) Co., Ltd and Fischer Tech (Suzhou) Co., Ltd, all wholly-owned subsidiaries of the Company located in Singapore, Thailand and the PRC respectively. The IA has reported the findings directly to the AC. The AC approved the internal audit plans and reviewed the findings arising from the internal audit functions. Implementation of the recommendations made by the IA is monitored by the AC.

COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDERS' MEETINGS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company does not practise selective disclosure. Price sensitive information is always released on SGX-ST's website via SGXNET after trading hours. Results and annual reports are announced or issued within the mandatory periods.

Corporate Governance Report

Shareholders are encouraged to attend the Annual General Meeting to ensure a greater level of shareholder participation and for them to be kept up to date as to the strategies and goals of the Group. All shareholders of the Company receive a copy of the Annual Report, the Notice of Annual General Meeting and circulars and notices pertaining to any Extraordinary General Meetings of the Company. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders to attend and vote at general meetings of the Company by proxies. A shareholder other than a relevant intermediary may appoint up to two proxies to attend and vote on his behalf at the general meeting through proxy form deposited 72 hours before the meeting. Notices of general meetings are also advertised in newspapers and available on the SGX-ST's website.

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email. Participation of shareholders is encouraged at the Annual General Meeting through the open question and answer session. The Directors, Management and the external auditor are available to address any queries or concerns on matters relating to the Group and its operations.

To promote greater transparency and effective participation, voting of all resolutions is done by poll at all Annual General Meetings and Extraordinary General Meetings. The detailed voting results, including the total number of votes cast for or against each resolution tabled, will be announced immediately at the Annual General Meetings and Extraordinary General Meetings and on SGX-ST's website via SGXNET.

DIVIDEND POLICY

The Company has not formally instituted a dividend policy. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operation and cash flow, the Group's expected working capital requirements, the Group's expected capital expenditure and future expansion and investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

DEALING IN SECURITIES

The Company has issued a policy note to its directors and key employees, setting out the implications of insider trading. The directors and key employees of the Company have been advised of the internal code of conduct on dealings in the securities of the Company accordingly.

Under the internal code, the Company, directors and employees of the Group are prohibited from dealings in securities of the Company while in possession of price-sensitive information, and during the period beginning one month before the announcement of the half-year and full year results and ending on the day after the date of announcement. In addition, directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted period.

It also discourages dealings on short-term considerations. Directors are required to report securities dealings to the Company Secretary who will assist in making the necessary announcements.

The Company wishes to confirm that to the best of the Company's knowledge, the Company officers do not deal in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

Save for the service contracts of the executive directors and a consultancy agreement with the Chairman of the Board, there were no material contracts involving the interests of any directors or substantial shareholders as at 31 March 2017.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are properly conducted at arm's length basis.

The Company does not have an IPT Mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The interested person transaction to be disclosed pursuant to Rule 907 is as follows:

Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000) S\$'000	
Name of interested person	
Consultancy fee paid to a director	
- Foo Meng Tong	180 *

* S\$180,000 represented 0.19% of the Group NTA of S\$94,826,000 as at 31 March 2016.

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Fischer Tech Ltd (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Foo Meng Tong	(Non-Executive Chairman)
Tan Choon King	(President and Chief Executive Officer)
Ng Boon Yew	
Moy Kok Leng, James	
Leong Hong Kiat, Amos	
Chan Kok Wai, Peter	

In accordance with Article 91 of the Company's Constitution, Leong Hong Kiat, Amos and Chan Kok Wai, Peter retires and, being eligible, offer themselves for re-election.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

Directors' Statement

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share plan of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the holding company (Harmony (S) Holdings Pte Ltd)</i>				
Tan Choon King	475,000	475,000	-	-
Foo Meng Tong	25,000	25,000	-	-
<i>Ordinary shares of the Company</i>				
Tan Choon King	-	-	31,257,133	31,257,133
Ng Boon Yew	30,000	30,000	-	-
Chan Kok Wai, Peter	-	360,000	-	-

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2017.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share awards, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

5. PERFORMANCE SHARE PLAN

On 6 May 2016, the Group established the Fischer Tech Performance Share Plan 2016 (the "PSP"), which was approved by the members of the Company at an Extraordinary General Meeting held on 7 June 2016. The Board has appointed the committee comprising Mr Moy Kok Leng, James, Mr Ng Boon Yew, Mr Foo Meng Tong and Mr Tan Choon King to administer the PSP. No member of the committee shall participate in any deliberation or decision in respect of awards granted or to be granted to any committee member or his associates. As defined in the Singapore Exchange Securities Trading Limited's Listing Manual, associates relate to the committee member's immediate family, the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together have a direct or indirect interest of 30% or more.

Objectives

The PSP is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and directors of the Group who have contributed to the growth of the Group. The PSP gives Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- (a) align the interests of employees with the interests of the shareholders of the Company;
- (b) retain key employees and directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;
- (c) instil loyalty to, and a stronger identification by employees with the long-term prosperity of the Company;
- (d) attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders of the Company; and
- (e) motivate the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group.

Participants

The following persons, unless they are also parent group executives or controlling shareholders and/or their associates, shall be eligible to participate in the PSP at the absolute discretion of the Committee:

- (a) Group executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time.

Parent group executives and controlling shareholders and their associates shall not be eligible to participate in the PSP.

Awards

Awards represent the right of a participant to receive fully paid shares free of charge upon the satisfaction of the prescribed performance conditions. A participant's award under the PSP will be determined at the absolute discretion of the committee, taking into accounts factors such as (i) the participant's rank and job performance; (ii) the participant's years of service and potential for future development; (iii) the participant's contribution to the success and development of the Group.

Directors' Statement

5. PERFORMANCE SHARE PLAN (cont'd)

Size and duration of the PSP

The aggregate number of new shares which may be issued or shares which may be delivered pursuant to awards granted under the PSP, when added to the total number of new shares issued and issuable and/or existing shares transferred and transferable in respect of (i) all awards granted under the PSP; and (ii) all shares, options or awards granted under any other share scheme of the Company then in force (if any), shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) on the day preceding the relevant date of grant of the award.

The PSP shall continue to be in force at the discretion of the committee, subject to a maximum period of ten years commencing on the date of adoption and may continue beyond the stipulated period with the approval of shareholders in general meeting and any relevant authorities which may then be required.

During the financial year, the Company has granted 1,120,000 share awards under the PSP. Further details regarding the PSP are disclosed in Note 27.

Details of the share awards granted to director of the Company pursuant to the PSP are as follows:

Name of director	Share awards granted during financial year	Aggregate share awards granted since commencement of plan to end of financial year	Aggregate share awards vested since commencement of plan to end of financial year	Aggregate share awards outstanding as at end of financial year
Chan Kok Wai, Peter	360,000	360,000	(360,000)	–

Since the commencement of the PSP till the end of the financial year:

- No participants of the PSP have received 5% or more of the total share awards available under the PSP;
- No awards other than mentioned above have been granted to the directors and employees of the Company and its subsidiary companies;
- No awards have been granted at a discount.

The total number of share awards granted do not exceed 15% of the total number of issued shares of the Company.

6. AUDIT COMMITTEE

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

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the half-yearly announcements, annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate;
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members, except for one where a member was absent. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

Directors' Statement

7. AUDITORS

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

On behalf of the board of directors,

Foo Meng Tong
Director

Singapore
23 June 2017

Tan Choon King
Director

Independent Auditor's Report

For the financial year ended 31 March 2017

Independent Auditor's Report to the Members of Fischer Tech Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fischer Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of goodwill, plant and equipment, and cost of investments in subsidiary companies

As at 31 March 2017, the Group has goodwill and plant and equipment amounting to \$5,212,000 and \$38,126,000 respectively. The Company has investments in subsidiary companies amounting to \$27,121,000 relating to the same cash generating units (CGUs). Management prepared discounted cash flow models to determine the recoverable values of the CGUs.

The audit procedures over management's impairment test were significant to our audit because the impairment assessment involved significant management's judgement and the discounted cash flow model is based on assumptions that are affected by expected future market and economic conditions.

Our audit procedures included, amongst others, assessing the appropriateness of the recoverable values determined by management and the valuation method used. We evaluated the reasonableness of certain key assumptions used by management in determining the value-in-use computation, such as projected sales, gross margin, profitability and discount rate. We involved our internal specialists in evaluating the reasonableness of discount rate used in the value in use model. In addition, we also assessed whether these future cash flows were based on the budget approved by the board of directors.

Independent Auditor's Report

For the financial year ended 31 March 2017

Impairment assessment of goodwill, plant and equipment, and cost of investments in subsidiary companies (cont'd)

We also assessed the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment review is most sensitive to. The note disclosures on goodwill, plant and equipment and investments in subsidiary companies, and the related key assumptions and sensitivities are included in Notes 2.4(b), 2.6, 2.9, 2.10, 3.2, 11, 12 and 14 to the financial statements.

Adequacy of allowance for trade receivables

Trade receivable balances were significant to the Group as they represented 26% of the total asset on the consolidated balance sheet. In addition, trade receivables allowance assessment required significant management judgment in assessing the debtors' ability to pay. As such, we determined this to be a key audit matter.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group sets credit limits for customers and approves exceptions to such limits. We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging of debts to identify collection risks. We also performed other audit procedures that included requesting trade receivable confirmations, reviewing payment history and assessing collectability by obtaining evidence of financial position of debtors and/or receipts subsequent to the year end. For trade receivables where recoverability is in doubt, management exercised judgment in estimating the amounts which can be recovered. We evaluated management's assumptions used to estimate the trade receivables allowance amount through analysing ageing of receivables and the Group's past trend of collections for long outstanding and material trade debtors. We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Notes 2.11, 2.12, 3.1, 17 and 31 to the financial statements.

Allowance for inventory write-down

As of 31 March 2017, the carrying amount of inventories amounted to \$18,990,000, after considering allowance for inventory write down of \$874,000.

In assessing the allowance for inventory write-down, management considered the age of the inventories, their procurement and production cycle, and the committed orders from customers for finished goods. Based on management's assessment, an allowance had been provided for end-of-life inventory that are not expected to be sold above their cost. We focused on this area as the gross inventories and the allowance for inventory write down are material to the financial statements, and their determination involves high level of management judgment and estimation.

As part of our audit, we attended management's inventory counts at selected inventory locations and observed the process implemented by management to identify and monitor obsolete inventories. We observed the physical condition of the inventories during the inventory counts. We assessed the reasonableness of the allowance for inventory write down by testing the inventories' valuation, assessing the ageing of inventory and analysis of obsolete inventory based on historical sales performance of the products in their life cycle and management's estimation of the expected demand. We also tested the net realisable value of inventories on a sample basis by comparing the carrying value of the inventories to the subsequent selling prices to check that the carrying value is below the selling price. We also assessed the adequacy of the disclosures related to inventories in Notes 2.13, 3.1, 3.2 and 16 to the financial statements.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

For the financial year ended 31 March 2017

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

For the financial year ended 31 March 2017

Auditor's responsibilities for the audit of the financial statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
23 June 2017

Consolidated Income Statement

For the financial year ended 31 March 2017

	Note	Group	
		2017 \$'000	2016 \$'000
Revenue	4	178,086	187,944
Cost of sales		(138,463)	(148,579)
Gross profit		39,623	39,365
Interest income	5	58	99
Other income	6	2,125	1,641
Distribution and selling expenses		(3,209)	(3,793)
Administrative expenses		(20,638)	(20,099)
Finance costs	7	(295)	(345)
Profit before taxation	8	17,664	16,868
Taxation	9	(4,633)	(3,901)
Profit for the year attributable to owners of the Company		13,031	12,967
Earnings per share attributable to owners of the Company (cents per share)			
– Basic and diluted	10	23.49	23.73

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2017

	Group	
	2017 \$'000	2016 \$'000
Profit for the year	13,031	12,967
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(1,199)	(4,292)
Other comprehensive income for the year, net of tax	(1,199)	(4,292)
Total comprehensive income for the year attributable to owners of the Company	11,832	8,675

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

Balance Sheets

As at 31 March 2017

		Group		Company	
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Property, plant and equipment	11	38,126	30,736	402	673
Goodwill and other intangible assets	12	5,634	5,762	56	76
Land use right	13	3,315	-	-	-
Available-for-sale investment		80	-	80	-
Investments in subsidiary companies	14	-	-	27,121	27,121
Loans due from subsidiary companies	15	-	-	19,222	19,591
Deferred tax assets	23	591	495	-	-
		47,746	36,993	46,881	47,461
Current assets					
Inventories	16	18,990	20,429	37	128
Trade and other receivables	17	47,731	47,526	8,544	9,296
Other assets	18	112	894	-	-
Prepayments		1,780	1,826	55	64
Cash and short-term deposits	19	40,609	38,952	18,051	15,462
		109,222	109,627	26,687	24,950
Current liabilities					
Trade and other payables	20	32,018	36,928	8,990	8,460
Loans and borrowings	21	6,666	7,237	1,546	1,574
Income tax payable		955	750	-	-
		39,639	44,915	10,536	10,034
Net current assets		69,583	64,712	16,151	14,916
Non-current liabilities					
Loans and borrowings	21	6,564	221	59	181
Provision for defined benefit plan	22	429	351	-	-
Deferred tax liabilities	23	658	545	-	-
		7,651	1,117	59	181
Net assets		109,678	100,588	62,973	62,196
Equity attributable to owners of the Company					
Share capital	24	59,506	57,787	59,506	57,787
Foreign currency translation reserve	25	(1,608)	(409)	-	-
Retained earnings		43,267	36,382	3,467	4,409
Statutory reserve	26	8,513	6,828	-	-
Total equity		109,678	100,588	62,973	62,196

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

Statements of Changes in Equity

For the financial year ended 31 March 2017

	Note	Equity attributable to owners of the Company, total \$'000	Attributable to owners of the Company			
			Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Statutory reserve \$'000
2017						
Group						
Opening balance at 1 April 2016		100,588	57,787	(409)	36,382	6,828
Profit for the year		13,031	-	-	13,031	-
<u>Other comprehensive income</u>						
Foreign currency translation		(1,199)	-	(1,199)	-	-
Other comprehensive income for the year, net of tax		(1,199)	-	(1,199)	-	-
Total comprehensive income for the year		11,832	-	(1,199)	13,031	-
<u>Contributions by and distributions to owners</u>						
Grant of equity-settled share performance awards to employees		1,719	1,719	-	-	-
Dividends on ordinary shares	34	(4,461)	-	-	(4,461)	-
Total contributions by and distributions to owners		(2,742)	1,719	-	(4,461)	-
<u>Others</u>						
Transfer to statutory reserve		-	-	-	(1,685)	1,685
Total others		-	-	-	(1,685)	1,685
Closing balance at 31 March 2017		109,678	59,506	(1,608)	43,267	8,513

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

Statements of Changes in Equity

For the financial year ended 31 March 2017

		Equity attributable to owners of the Company, total \$'000	Attributable to owners of the Company				
	Note		Share capital \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Statutory reserve \$'000
2016							
Group							
Opening balance at 1 April 2015		95,738	57,787	335	3,883	28,747	4,986
Profit for the year		12,967	-	-	-	12,967	-
Other comprehensive income							
Foreign currency translation		(4,292)	-	-	(4,292)	-	-
Other comprehensive income for the year, net of tax		(4,292)	-	-	(4,292)	-	-
Total comprehensive income for the year							
		8,675	-	-	(4,292)	12,967	-
Contributions by and distributions to owners							
Dividends on ordinary shares	34	(3,825)	-	-	-	(3,825)	-
Others							
Transfer to statutory reserve		-	-	-	-	(1,842)	1,842
Expiry of share options		-	-	(335)	-	335	-
Total others		-	-	(335)	-	(1,507)	1,842
Closing balance at 31 March 2016		100,588	57,787	-	(409)	36,382	6,828

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

Statements of Changes in Equity

For the financial year ended 31 March 2017

	Note	Equity, total \$'000	Share capital \$'000	Retained earnings \$'000
2017				
Company				
Opening balance at 1 April 2016		62,196	57,787	4,409
Profit, net of tax and representing other comprehensive income for the year		3,519	-	3,519
Total comprehensive income for the year		3,519	-	3,519
Contributions by and distribution to owners				
Grant of equity-settled share performance awards to employees		1,719	1,719	-
Dividends on ordinary shares	34	(4,461)	-	(4,461)
Total contributions by and distributions to owners		(2,742)	1,719	(4,461)
Closing balance at 31 March 2017		62,973	59,506	3,467

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

Statements of Changes in Equity

For the financial year ended 31 March 2017

	Note	Equity, total \$'000	Share capital \$'000	Share option reserve \$'000	Retained earnings \$'000
2016					
Company					
Opening balance at 1 April 2015		61,031	57,787	335	2,909
Profit, net of tax and representing other comprehensive income for the year		4,990	-	-	4,990
Total comprehensive income for the year		4,990	-	-	4,990
Contributions by and distribution to owners					
Dividends on ordinary shares	34	(3,825)	-	-	(3,825)
Others					
Expiry of share options		-	-	(335)	335
Closing balance at 31 March 2016		62,196	57,787	-	4,409

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

Consolidated Cash Flow Statement

For the financial year ended 31 March 2017

	Note	Group	
		2017 \$'000	2016 \$'000
Cash flows from operating activities:			
Profit before taxation		17,664	16,868
Adjustments for:			
Interest income	5	(58)	(99)
Net fair value gain on derivatives	6	-	(6)
(Gain)/loss on disposal of property, plant and equipment	6, 8	(79)	148
Finance costs	7	295	345
Depreciation of property, plant and equipment	8	6,713	7,187
Impairment loss on property, plant and equipment	8	-	15
Property, plant and equipment written off	8	48	558
Amortisation of intangible assets	8	230	298
Amortisation of land use right	8	29	-
Allowance for inventory write-down	8	810	1,151
Inventories written off	8	-	39
Share-based compensation expenses	8	1,719	-
Provision for defined benefit plan		56	56
Currency translation differences		(740)	(2,288)
Operating profit before working capital changes		26,687	24,272
Changes in working capital			
Decrease/(increase) in inventories		629	(960)
Increase in trade and other receivables		(195)	(603)
Decrease/(increase) in prepayments		46	(38)
(Decrease)/increase in trade and other payables		(4,910)	2,200
Total changes in working capital		(4,430)	599
Cash flows from operations		22,257	24,871
Interest paid		(295)	(345)
Interest received		58	99
Income taxes paid		(4,406)	(4,152)
Net cash flows from operating activities		17,614	20,473

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

Consolidated Cash Flow Statement

For the financial year ended 31 March 2017

		Group	
	Note	2017 \$'000	2016 \$'000
Cash flows from investing activities:			
Purchases of property, plant and equipment	11	(13,415)	(9,535)
Additions to intangible assets	12	(110)	(209)
Acquisition of land use right	13	(3,388)	–
Down-payments placed for acquisition of plant and machinery		(94)	(857)
Proceeds from disposal of property, plant and equipment		141	171
Investment in available-for-sale financial asset		(80)	–
Currency translation differences		249	294
Net cash flows used in investing activities		(16,697)	(10,136)
Cash flows from financing activities:			
Dividends paid	34	(4,461)	(3,825)
Proceeds from loans and borrowings		6,576	–
Repayment of loans and borrowings		(579)	(2,168)
Repayment of obligations under finance leases		(182)	(138)
Currency translation differences		(82)	57
Net cash flows from/(used in) financing activities		1,272	(6,074)
Net increase in cash and cash equivalents		2,189	4,263
Effect of exchange rate changes on cash and cash equivalents		(532)	(1,273)
Cash and cash equivalents at 1 April		38,952	35,962
Cash and cash equivalents at 31 March	19	40,609	38,952

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

1. CORPORATE INFORMATION

Fischer Tech Ltd (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The immediate and ultimate holding company is Harmony (S) Holdings Pte Ltd, incorporated in Singapore.

The registered office and principal place of business of the Company is located at No. 3 Ang Mo Kio Street 62, #02-08, LINK@AMK, Singapore 569139.

The principal activities of the Company are the manufacturing of precision plastic injection moulds, high precision injection moulding, laser marking and decorative finishing for engineering components of automotive, computer peripherals, healthcare and consumer product industries.

The principal activities of the subsidiary companies are disclosed in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 April 2018.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Improvements to FRSS (December 2016)	
– Amendments to FRS 112: <i>Clarification of the Scope of the Standard</i>	1 January 2017
– Amendments to FRS 28: <i>Measuring an Associate or Joint Venture at fair value</i>	1 January 2018
FRS 115: <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109: <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 102: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 40: <i>Transfers of Investment Property</i>	1 January 2018
INT FRS 122: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to FRS 104: <i>Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts</i>	1 January 2018
FRS 116: <i>Leases</i>	1 January 2019
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. A full retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group has carried out preliminary assessment and determined that the revenue recognition policy relating to tooling revenue might be impacted due to adoption of FRS 115. The Group is reviewing the contracts to assess the impact.

The Group plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

(a) *Classification and measurement*

The Group currently measures its available-for-sale unquoted equity security at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 **Standards issued but not yet effective** (cont'd)

FRS 109 Financial Instruments (cont'd)

(b) *Impairment*

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 **Basis of consolidation and business combinations**

(a) *Basis of consolidation*

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 **Basis of consolidation and business combinations** (cont'd)

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 **Foreign currency**

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

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 **Foreign currency** (cont'd)

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rates for the financial year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 **Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Plant and machinery	-	10 years
Motor vehicles	-	5 years
Other assets	-	3 to 10 years

Other assets include computer equipment, furniture and fixtures, renovation, electrical fittings and other minor assets.

Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.7 **Intangible assets**

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Group's other intangible assets have finite useful lives.

Intangible assets with finite useful lives are amortised over the estimated useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 **Intangible assets** (cont'd)

The estimated useful lives of the acquired intangible assets with finite useful lives are as follows:

Software	–	3 to 5 years
Licensing	–	10 years
Club memberships	–	10 to 14 years
Patent	–	5 years

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the intangible asset is derecognised.

2.8 **Land use right**

Land use right is initially measured at cost. Following initial recognition, land use right is measured at cost less accumulated amortisation. The land use right is amortised on a straight-line basis over the lease term of 39 years.

2.9 **Impairment of non-financial assets**

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 **Investments in subsidiary companies**

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

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

2.11 **Financial instruments**

(a) *Financial assets*

Initial recognition and measurement

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

(ii) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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

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

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 **Financial instruments** (cont'd)

(b) *Financial liabilities* (cont'd)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) *Financial liabilities at amortised cost*

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

De-recognition

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

2.12 **Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the financial asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 *Impairment of financial assets* (cont'd)

(a) *Financial assets carried at amortised cost* (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.13 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and packing materials – purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

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

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Provisions

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

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

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme.

The subsidiary companies incorporated and operating in the People's Republic of China ("PRC") are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary companies' employees.

Contributions to national pension schemes are recognised as an expense in the period in which the related services are performed.

(b) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each defined benefit plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The discount rate is the yield at the reporting date on high quality bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 *Employee benefits* (cont'd)

(b) *Defined benefit plan* (cont'd)

Where the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The calculation is performed tri-annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(d) *Performance share plan*

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in equity, upon the vesting of the share awards.

2.18 *Leases*

As lessee

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

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

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

2.19 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to income, the grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of plastic injection components

Revenue from sale of plastic injection components is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Tooling revenue

Revenue from the manufacture of high precision moulds is recognised on the percentage of completion method. Percentage of completion is measured by reference to the stage of mould manufacturing process.

(c) Interest income

Interest income is recognised using the effective interest method.

2.21 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 **Taxes** (cont'd)

(b) *Deferred tax* (cont'd)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiary companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(c) *Sales tax*

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

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

2.22 **Share capital and share issuance expenses**

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the consolidated financial statements.

(a) Allowance for inventory write-down

The Group exercised judgement in identifying slow-moving inventories. Based on the slow-moving inventory identified, the Group will then further analyse the slow-moving inventories to identify obsolete inventories after considering a number of factors, including: age of the inventories, procurement and production cycle of the inventories, and the committed orders from customers for finished goods.

Based on management's assessment, an allowance amount has been determined by the Group based on the estimates made. Please refer to Section 3.2(a) for further details.

(b) Adequacy of allowance for trade receivables

The Group assess at each balance sheet date whether there is any objective evidence that a trade debtor is impaired.

Trade receivables allowance assessment requires significant management judgement to identify trade debtors that may be impaired, as well as to determine the amount of allowance for impairment loss required.

To determine whether there is objective evidence of impairment, the Group considers factors such as: aging of the receivables, payment history and receipts subsequent to year-end for overdue debtors, and underlying reasons for the delay in payment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for trade debtors with similar credit risk characteristics.

Notes to the Financial Statements

For the financial year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 Key sources of estimation uncertainty

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

(a) Allowance for inventory write-down

Based on the obsolete inventories identified, as discussed in Note 3.1(a), the Group provides allowance for inventory write-down for end-of-life inventories that are not expected to be sold above their cost.

This review requires management to consider the future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the end of the financial year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance for write-down to net realisable value include ageing analysis, technical assessment and subsequent events.

(b) Impairment of goodwill, plant and equipment, and cost of investments in subsidiary companies

The Group and Company determine whether there are any indications of impairment in goodwill and plant and equipment, and investments in subsidiary companies at least on an annual basis. When indicators of impairment exist, recoverable amount assessment is made based on the value in use method. This requires management to make an estimate of the expected future cash flows, growth rate of the business based on the industry average and an estimate of the relevant weighted average cost of capital as a discount rate.

The recoverable amounts are determined based on value in use calculations, and the value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the estimated revenue growth and estimated gross profit margin used for the discounted cash flow model. The carrying amount of the Group's goodwill and plant and equipment as at 31 March 2017 is \$5,212,000 (2016: \$5,212,000) and \$38,126,000 (2016: \$30,736,000) respectively. There was no impairment charge on investments in subsidiary companies for the financial year ended 31 March 2017 and 2016. The carrying amount of the Company's investments in subsidiary companies as at 31 March 2017 is \$27,121,000 (2016: \$27,121,000).

4. REVENUE

Revenue represents net invoiced value of goods supplied and percentage of work completed for sale of moulds, and it is shown net of related sales taxes, estimated returns, discounts and volume rebates.

	Group	
	2017 \$'000	2016 \$'000
Sale of plastic injection components	166,859	176,690
Tooling revenue	11,227	11,254
	178,086	187,944

Notes to the Financial Statements

For the financial year ended 31 March 2017

5. INTEREST INCOME

	Group	
	2017	2016
	\$'000	\$'000
Interest income from:		
– Cash and short-term deposits	58	99

6. OTHER INCOME

	Group	
	2017	2016
	\$'000	\$'000
Foreign exchange gain	1,551	726
Gain on disposal of scrap materials	214	288
Government grants *	211	268
Gain on disposal of property, plant and equipment	79	–
Grant from International Enterprise Singapore	–	48
Fair value gain on derivatives	–	6
Other miscellaneous income	70	305
	2,125	1,641

* Government grants include Productivity and Innovation Credit Cash Payout, Wage Credit, Special Employment Credit and Temporary Employment Credit introduced in the Singapore Budget.

7. FINANCE COSTS

	Group	
	2017	2016
	\$'000	\$'000
Interest expense on:		
– Bank loans and borrowings	270	326
– Obligations under finance leases	25	19
	295	345

Notes to the Financial Statements

For the financial year ended 31 March 2017

8. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Note	Group	
		2017 \$'000	2016 \$'000
Depreciation of property, plant and equipment	11	6,713	7,187
Impairment loss on property, plant and equipment	11	–	15
Amortisation of intangible assets	12	230	298
Amortisation of land use right	13	29	–
Allowance for inventory write-down	16	810	1,151
Inventories written off	16	–	39
Property, plant and equipment written off		48	558
Loss on disposal of property, plant and equipment		–	148
Share-based compensation expenses		1,719	–
Audit fees:			
– Auditors of the Company		145	131
– Other auditors		158	152
Non-audit fees:			
– Other auditors		15	138

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2017 and 2016 are:

	Group	
	2017 \$'000	2016 \$'000
Consolidated income statement:		
Current income tax:		
– Current income taxation	4,648	3,937
– (Over)/under provision in respect of prior years	(19)	88
	4,629	4,025
Deferred income tax (Note 23):		
– Origination and reversal of temporary differences	2	(153)
– Under provision in respect of prior years	2	29
	4	(124)
Income tax expense recognised in profit or loss	4,633	3,901

Notes to the Financial Statements

For the financial year ended 31 March 2017

9. TAXATION (cont'd)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2017 and 2016 is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Profit before taxation	17,664	16,868
Tax at the domestic rates applicable to profits in the countries where the Group operates	4,355	3,318
Adjustments:		
Non-deductible expenses	301	202
Income not subject to taxation	(41)	(42)
Effect of partial tax exemption and tax relief	(719)	(997)
Benefits from previously unrecognised deferred tax assets	(410)	-
Deferred tax assets not recognised	1,164	1,303
(Over)/under provision in respect of prior years	(17)	117
Income tax expense recognised in profit or loss	4,633	3,901

The corporate income tax rate applicable to the Singapore companies of the Group is 17% (2016: 17%).

Subsidiary companies incorporated in People's Republic of China ("PRC"), Thailand and Malaysia are subject to corporate income tax rates of 25%, 20% and 24% (2016: 25%, 20% and 24%) respectively.

A subsidiary company incorporated in PRC was granted the High and New Technology Enterprise status with effect from 5 August 2014 for a duration of 3 years and hence, is subjected to an incentive tax rate of 15% for the local statutory financial year ended 31 December 2016. The incentive has expired on 1 January 2017. Management has applied for the extension of the certificate. The application is currently under review by the tax bureau.

A subsidiary company incorporated in Thailand has received promotional privileges from Thailand's Board of Investment for manufacture of precision plastic injection mould parts for electronic products on 11 March 2013. Certain of its qualified operating profits are exempt from corporate income tax for 8 years.

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

10. EARNINGS PER SHARE

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

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

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

	Group	
	2017 \$'000	2016 \$'000
Profit for the year, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	13,031	12,967
	Number of shares	
	2017 '000	2016 '000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	55,485	54,641

The weighted average number of shares takes into account the weighted average effect of ordinary shares issued under performance share plan during the year.

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

Notes to the Financial Statements

For the financial year ended 31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery \$'000	Motor vehicles \$'000	Other assets \$'000	Construction- in-progress \$'000	Total \$'000
Group Cost:					
At 1 April 2015	67,586	1,762	25,033	106	94,487
Transfers	-	-	106	(106)	-
Additions ^	5,988	443	3,266	206	9,903
Disposals and write-offs	(4,769)	(194)	(4,997)	-	(9,960)
Exchange differences	(2,912)	(43)	(1,341)	(8)	(4,304)
At 31 March 2016 and 1 April 2016	65,893	1,968	22,067	198	90,126
Transfers	-	-	188	(188)	-
Reclass	-	-	-	(10)	(10)
Additions ^	3,089	-	2,068	9,133	14,290
Disposals and write-offs	(688)	(316)	(151)	-	(1,155)
Exchange differences	(555)	4	(531)	(126)	(1,208)
At 31 March 2017	67,739	1,656	23,641	9,007	102,043
Accumulated depreciation and impairment:					
At 1 April 2015	46,670	1,148	16,349	-	64,167
Impairment	15	-	-	-	15
Depreciation charge for the year	3,892	313	2,982	-	7,187
Disposals and write-offs	(4,166)	(190)	(4,727)	-	(9,083)
Exchange differences	(2,046)	(24)	(826)	-	(2,896)
At 31 March 2016 and 1 April 2016	44,365	1,247	13,778	-	59,390
Depreciation charge for the year	3,968	305	2,440	-	6,713
Disposals and write-offs	(627)	(268)	(150)	-	(1,045)
Exchange differences	(695)	3	(449)	-	(1,141)
At 31 March 2017	47,011	1,287	15,619	-	63,917
Net carrying amount:					
At 31 March 2016	21,528	721	8,289	198	30,736
At 31 March 2017	20,728	369	8,022	9,007	38,126

^ Additions of \$14,290,000 (2016: \$9,903,000) included an amount of deposit of \$875,000 (2016: \$368,000) paid in the previous financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant and machinery \$'000	Motor vehicles \$'000	Other assets \$'000	Total \$'000
Company				
Cost:				
At 1 April 2015	165	950	1,913	3,028
Transfer to a subsidiary company	-	-	(3)	(3)
Additions	15	40	247	302
Disposals and write-offs	-	(65)	(1,340)	(1,405)
At 31 March 2016 and 1 April 2016	180	925	817	1,922
Additions	-	-	2	2
Disposals and write-offs	-	(315)	(92)	(407)
At 31 March 2017	180	610	727	1,517
Accumulated depreciation and impairment:				
At 1 April 2015	67	577	1,682	2,326
Depreciation charge for the year	14	160	135	309
Transfer to a subsidiary company	-	-	(3)	(3)
Disposals and write-offs	-	(65)	(1,318)	(1,383)
At 31 March 2016 and 1 April 2016	81	672	496	1,249
Depreciation charge for the year	14	155	56	225
Disposals and write-offs	-	(268)	(91)	(359)
At 31 March 2017	95	559	461	1,115
Net carrying amount:				
At 31 March 2016	99	253	321	673
At 31 March 2017	85	51	266	402

Construction-in-progress

The Group's construction-in-progress relates to a factory building and machineries acquired but not yet available for use, and cost incurred in the course of renovating the leasehold properties.

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from a bank loan borrowed specifically for the purpose of the acquisition of a building. During the financial year, the borrowing costs capitalised as cost of property, plant and equipment amounted to \$91,000 (2016: \$Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.75% (2016: Nil) which is the effective interest rate of the specific borrowing.

Assets held under finance leases

During the financial year, there was no property, plant and equipment acquired by means of finance leases (2016: Nil). The cash outflow on acquisition of property, plant and equipment amounted to \$13,415,000 (2016: \$9,535,000).

Notes to the Financial Statements

For the financial year ended 31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Assets held under finance leases (cont'd)

Leased assets are pledged as security for the related finance lease liabilities. Included in property, plant and equipment are assets under finance leases as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net carrying value of motor vehicles	39	271	27	222
Net carrying value of plant and machinery	10	15	-	-

Impairment of assets

There was no impairment loss recognised for the financial year ended 31 March 2017 (2016: S\$15,000).

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	Other intangible assets					Total \$'000
	Goodwill \$'000	Software \$'000	Licensing \$'000	Patent \$'000	Club memberships \$'000	
Group						
Cost:						
At 1 April 2015	5,212	1,848	153	77	66	7,356
Additions ^	-	196	-	39	-	235
Write-offs	-	(81)	(50)	-	-	(131)
Exchange differences	-	(103)	-	-	(1)	(104)
At 31 March 2016 and 1 April 2016	5,212	1,860	103	116	65	7,356
Additions ^	-	110	-	-	-	110
Exchange differences	-	(26)	-	-	-	(26)
At 31 March 2017	5,212	1,944	103	116	65	7,440
Accumulated amortisation:						
At 1 April 2015	-	1,305	152	10	36	1,503
Amortisation	-	221	1	71	5	298
Write-offs	-	(81)	(50)	-	-	(131)
Exchange differences	-	(75)	-	-	(1)	(76)
At 31 March 2016 and 1 April 2016	-	1,370	103	81	40	1,594
Amortisation	-	201	-	23	6	230
Exchange differences	-	(18)	-	-	-	(18)
At 31 March 2017	-	1,553	103	104	46	1,806
Net carrying amount:						
At 31 March 2016	5,212	490	-	35	25	5,762
At 31 March 2017	5,212	391	-	12	19	5,634

^ Additions of \$110,000 (2016: \$235,000) included an amount of deposit of \$Nil (2016: \$26,000) paid in the previous financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2017

12. GOODWILL AND OTHER INTANGIBLE ASSETS (cont'd)

	Other intangible assets			Total \$'000
	Software \$'000	Licensing \$'000	Club memberships \$'000	
Company				
Cost:				
At 1 April 2015	300	153	60	513
Additions	63	-	-	63
Write-offs	(81)	(50)	-	(131)
At 31 March 2016	282	103	60	445
Additions	8	-	-	8
At 31 March 2017	290	103	60	453
Accumulated amortisation:				
At 1 April 2015	300	152	33	485
Amortisation	10	1	4	15
Write-offs	(81)	(50)	-	(131)
At 31 March 2016 and 1 April 2016	229	103	37	369
Amortisation	23	-	5	28
At 31 March 2017	252	103	42	397
Net carrying amount:				
At 31 March 2016	53	-	23	76
At 31 March 2017	38	-	18	56

Remaining amortisation period

Software, patent and club memberships of the Group have respective remaining amortisation period of 0.1 to 4.9 years (2016: 0.1 to 4.8 years), 0.5 years (2016: 1.5 years) and 2.9 to 4.2 years (2016: 3.9 to 5.2 years).

Software and club memberships of the Company have respective remaining amortisation period of 1.5 to 2.0 years (2016: 2.5 years) and 4.2 years (2016: 5.2 years).

Amortisation expense

The amortisation of "software" is included in the "Cost of sales" and "Administrative expenses" line items in profit or loss. The amortisation of "licensing", "patent" and "club memberships" is included in the "Administrative expenses" line item in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 March 2017

12. GOODWILL AND OTHER INTANGIBLE ASSETS (cont'd)

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to the Group's business units, for impairment testing. All of them are within the "High precision plastic injection" segment, which is also a reportable segment.

The CGUs with significant goodwill balances are:

	Group	
	2017	2016
	\$'000	\$'000
Fischer Technology Pte Ltd	3,735	3,735
Fischer Tech (Thailand) Co., Ltd	939	939
M-Fischer Tech Sdn Bhd	468	468

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by board of directors covering a one-year period. The forecasted growth rates used to extrapolate cash flow projections beyond the one-year period are as follows:

	High precision plastic injection	
	2017	2016
	%	%
Growth rate – 2 to 5 years	5.00	5.00

Growth rate beyond the fifth year is assumed to be minimal.

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on approved budget for the next financial year.

Growth rate – The forecasted growth rate used is based on management expectation of the long-term average growth rate of the industry.

Pre-tax discount rate – Discount rates represent the current market assessment of the risks specific to each CGU, ranging from 9.60% to 12.30%, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC).

Sensitivity to changes in assumptions

Management believes that no reasonable possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount, except for the impairment test of goodwill allocated to Fischer Technology Pte Ltd. There will be an impairment loss of \$456,000 if the assumed gross profit margin and growth rate (for 2nd to 5th year) deviate from the budgeted gross profit margin and forecasted growth rate by 1.3% and 3.0% respectively.

Impairment loss recognised

There was no impairment loss recognised for the financial year ended 31 March 2017 and 2016.

Notes to the Financial Statements

For the financial year ended 31 March 2017

13. LAND USE RIGHT

	Group 2017 \$'000
Cost:	
Addition during the year	3,388
Exchange differences	(44)
At 31 March 2017	3,344
Accumulated amortisation:	
Amortisation	29
At 31 March 2017	29
Net carrying amount	3,315
Amount to be amortised:	
- Not later than one year	87
- Later than one year but not later than five years	347
- Later than five years	2,881

The Group has land use right over the state-owned land in People's Republic of China ("PRC") where the Group's PRC manufacturing and storage facilities reside. The land use right is not transferable and have a remaining tenure of 38 years (2016: N/A).

14. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2017 \$'000	2016 \$'000
Unquoted shares, at cost	33,001	33,001
Impairment losses	(5,880)	(5,880)
	27,121	27,121

Notes to the Financial Statements

For the financial year ended 31 March 2017

14. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Composition of the Group

The Group has the following investments in subsidiary companies:

Name of company		Country of incorporation	Principal activities	Percentage of equity held by the Group	
				2017 %	2016 %
Held by the Company					
#	Fischer Tech International Pte Ltd	Singapore	Investment holding	100	100
#	Fischer Medtech Pte Ltd	Singapore	Manufacture of high precision plastic components	100	100
#	Fischer Technology Pte Ltd	Singapore	Manufacture of IML plastic components	100	100
@	Fischer Tech (Thailand) Co., Ltd	Thailand	Manufacture of high precision moulds and plastic components	100	100
@	M-Fischer Tech Sdn Bhd	Malaysia	Manufacture of high precision moulds and plastic components	100	100
Held through Fischer Tech International Pte Ltd					
*@	Fischer Tech (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision moulds and plastic components	100	100
^@	Fischer Solution (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision plastic components	100	100
Held through Fischer Tech (Suzhou) Co., Ltd					
*@†	Fischer Advanced Technology (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision moulds and plastic components	100	–

Audited by Ernst & Young LLP, Singapore.

@ Audited by member firms of EY Global in the respective countries for the purpose of consolidation.

* Audited by Welsen Certified Public Accountants Co., Ltd for local statutory audit purpose.

^ Audited by Suzhou Fangben Certified Public Accountants for local statutory audit purpose.

† The Company was incorporated on 30 June 2016 and has not commenced its operations as at 31 March 2017. The Company is held by Fischer Tech (Suzhou) Co., Ltd and Fischer Tech International Pte Ltd with ownership interest of 75% and 25% respectively.

Impairment testing of investments in subsidiary companies with indication of impairment

The recoverable amount was determined based on the subsidiary company's value in use calculation using the same assumptions as disclosed in Note 12. Based on the impairment test for cost of investment in M-Fischer Tech Sdn Bhd, there will be an impairment loss of \$252,000 if the assumed gross profit margin and growth rate deviate from the budgeted gross profit margin and forecasted growth rate by 0.7% and 3.0% respectively.

Notes to the Financial Statements

For the financial year ended 31 March 2017

15. LOANS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2017 \$'000	2016 \$'000
Loans due from subsidiary companies	19,222	19,591

The non-current loans due from subsidiary companies are non-trade related. These long-term loans have no repayment terms and are repayable only when cash flows of the subsidiary companies permit. However, these are not expected to be repaid within the next twelve months. Accordingly, the fair values are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

Included in loans due from subsidiary companies is \$2,500,000 (2016: \$2,500,000) which bears interest at 5.21% (2016: 5.69%) per annum.

16. INVENTORIES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance sheet:				
Inventories	19,864	21,337	37	133
Less: Allowance for inventory write-down	(874)	(908)	-	(5)
	18,990	20,429	37	128
Finished goods	8,125	8,908	34	119
Work-in-progress	4,851	5,490	-	2
Raw materials	5,907	5,856	3	7
Packing materials	107	175	-	-
	18,990	20,429	37	128
			Group	
			2017 \$'000	2016 \$'000
Consolidated income statement:				
Inventories recognised as an expense in cost of sales			72,521	77,970
Inclusive of the following charges:				
- Allowance for inventory write-down (Note 8)			810	1,151
- Inventories written off (Note 8)			-	39

The allowance for inventory write-down was made based on lower of cost and net realisable values of the inventories. The Group has written off inventories when the related inventories were identified as obsolete.

Notes to the Financial Statements

For the financial year ended 31 March 2017

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables due from external parties, net of allowances	41,026	41,844	7,339	7,157
Accrued revenue	4,548	5,042	242	370
Amounts due from subsidiary companies	–	–	504	1,162
Total trade receivables	45,574	46,886	8,085	8,689
Deposits	400	450	19	52
Sundry receivables – third parties	1,757	190	–	–
Sundry receivables – subsidiary companies	–	–	440	555
Total trade and other receivables	47,731	47,526	8,544	9,296
Add: Loans due from subsidiary companies (Note 15)	–	–	19,222	19,591
Add: Cash and short-term deposits (Note 19)	40,609	38,952	18,051	15,462
Less: Accrued revenue	(4,548)	(5,042)	(242)	(370)
Total loans and receivables	83,792	81,436	45,575	43,979

Trade receivables due from external parties

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

Amounts due from subsidiary companies

Amounts due from subsidiary companies are trade related, unsecured and are generally on 30 to 90 days' terms. These amounts are to be settled in cash.

Included in amounts due from subsidiary companies is \$Nil (2016: \$425,000) which bear interest at Nil (2016: 5.69%) per annum.

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

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollar	28,142	27,470	7,403	7,352
Euro	2,992	1,310	–	–

Notes to the Financial Statements

For the financial year ended 31 March 2017

17. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to \$6,630,000 (2016: \$10,190,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017 \$'000	2016 \$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	5,079	6,817
30 to 60 days	1,430	1,993
61 to 90 days	14	121
91 to 120 days	56	1,251
More than 120 days	51	8
	6,630	10,190

Trade receivables that are impaired

There were no trade receivables impaired at the end of the reporting period (2016: \$Nil).

Sundry receivables

Sundry receivables due from third parties are unsecured, non-interest bearing and repayable upon demand.

Sundry receivables due from subsidiary companies are unsecured and \$Nil (2016: \$345,000) bear interest at Nil (2016: 4.00%) per annum.

18. OTHER ASSETS

	Group	
	2017 \$'000	2016 \$'000
Down-payments placed for the acquisition of plant and machinery	112	894

Notes to the Financial Statements

For the financial year ended 31 March 2017

19. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at banks and on hand	32,513	32,373	9,955	8,883
Short-term deposits	8,096	6,579	8,096	6,579
Cash and short-term deposits	40,609	38,952	18,051	15,462

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are renewed on a weekly or monthly basis, depending on the immediate cash requirements of the Group and the Company and earn interests at the respective short-term deposit rates.

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

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollar	12,204	12,151	2,122	4,392
Euro	1,533	1,133	2	2

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables due to external parties	20,773	25,527	95	128
Amounts due to subsidiary companies	-	-	3,708	3,350
Total trade payables	20,773	25,527	3,803	3,478
Employee related payables	8,945	9,329	4,343	4,119
Accrued expenses	2,149	1,972	761	863
Other payables	151	100	83	-
Total trade and other payables	32,018	36,928	8,990	8,460
Add: Loans and borrowings (Note 21)	13,230	7,458	1,605	1,755
Total financial liabilities carried at amortised cost	45,248	44,386	10,595	10,215

Trade payables due to external parties

Trade payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

Amounts due to subsidiary companies

Amounts due to subsidiary companies are trade related, unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms. These amounts are to be settled in cash.

The carrying amounts of trade and other payables approximate their fair value due to their short-term nature.

Notes to the Financial Statements

For the financial year ended 31 March 2017

20. TRADE AND OTHER PAYABLES (cont'd)

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

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollar	3,084	5,253	3,679	3,386
Euro	33	58	-	-

21. LOANS AND BORROWINGS

	Effective interest rate per annum	Maturity (Calendar year)	Group		Company	
			2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current:						
Obligations under finance leases – secured (Note 29(c))	3.66% – 8.16% (2016: 3.66% – 8.16%)	2017	71	106	46	74
Bank loans:						
– SGD bank loans, unsecured	2.25% – 3.38% (2016: 2.62% – 3.69%)	2017	3,200	3,400	1,500	1,500
– Malaysian Ringgit bank loans, unsecured	5.80% - 5.81% (2016: 6.11% – 6.19%)	2017	601	888	–	–
– Thai Baht bank loans, unsecured	2016: 5.35%	2016	–	151	–	–
– USD bank loans, unsecured	4.28% - 4.32% (2016: 3.06% – 3.84%)	2017	2,794	2,692	–	–
Total current amount			6,666	7,237	1,546	1,574
Non-current:						
Obligations under finance leases – secured (Note 29(c))	3.66% (2016: 3.66% – 8.16%)	2019	75	221	59	181
Renminbi bank loan, unsecured *	4.75%	2021	6,489	–	–	–
Total non-current amount			6,564	221	59	181
Total loans and borrowings			13,230	7,458	1,605	1,755

* During the financial year, a subsidiary in the People's Republic of China obtained a bank loan amounting to \$6,489,000 to finance the acquisition of a factory building in Suzhou. The loan bears interest at the bank's prevailing market interest rate, and matures in December 2021.

Included in total loans and borrowings is an amount of \$9,884,000 (2016: \$3,731,000) that was obtained with corporate guarantees issued by the Company.

Notes to the Financial Statements

For the financial year ended 31 March 2017

22. DEFINED BENEFIT PLAN

A subsidiary in Thailand recorded long-term employee benefits liabilities in respect of severance payments to be paid to employees upon retirement under the Labour Protection Act.

The amount included in the consolidated balance sheet arising from the subsidiary's obligation in respect of its defined benefit plans is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Present value of defined benefit obligation	429	351
Net liability arising from defined benefit obligation	429	351

Changes in present value of the defined benefit obligation are as follow:

	Group	
	2017	2016
	\$'000	\$'000
As at 1 April	351	326
Current service cost	44	45
Interest cost	12	11
Exchange differences	22	(31)
As at 31 March	429	351

The cost of defined benefit plan as well as the present value of the obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the benefit obligations for the defined benefit plan are shown below:

	Group	
	2017	2016
Discount rate	4.1%	4.1%
Salary increase rate	4.0% – 10.0%	4.0% – 10.0%
Turnover rate	10.0% – 18.0%	10.0% – 18.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period:

	Group 2017 \$'000
Discount rate	
Increase by 1%	(30)
Decrease by 1%	34
Salary increase rate	
Increase by 1%	44
Decrease by 1%	(38)
Turnover rate	
Increase by 20% of base in each age	(49)
Decrease by 20% of base in each age	67

The subsidiary company expects to contribute \$40,000 (2016: \$44,000) to the defined benefit plan in 2017.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2016: 15 years).

Notes to the Financial Statements

For the financial year ended 31 March 2017

23. DEFERRED TAX

Deferred tax as at 31 March relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred tax assets	591	495		
Deferred tax liabilities	(658)	(545)		
Net deferred tax	(67)	(50)		
Deferred tax assets:				
Differences in depreciation	373	194	(187)	282
Provisions	229	314	80	(250)
Unutilised tax incentives	486	611	107	(130)
	1,088	1,119	-	(98)
Deferred tax liabilities:				
Differences in depreciation	559	652	(75)	11
Provisions	-	-	-	14
Undistributed earnings of subsidiary company	596	517	79	(51)
	1,155	1,169	4	(26)
Net deferred tax	(67)	(50)		
Deferred tax expense/(credit) (Note 9)			4	(124)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$18,415,000 (2016: \$12,674,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiary companies

At the end of the reporting period, \$596,000 (2016: \$517,000) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiary companies, on the following basis:

- The Group has determined that approximately 30% (2016: 30%) of the earnings of its subsidiary companies, which are subjected to withholding tax, will be distributed in the foreseeable future based on historical trend.

Such temporary differences on the remaining earnings for which no deferred tax liability has been recognised, aggregate to \$27,801,000 (2016: \$24,118,000). The deferred tax liability is estimated to be \$1,390,000 (2016: \$1,767,000).

Tax consequences of proposed dividends

There are no income tax consequences (2016: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

Notes to the Financial Statements

For the financial year ended 31 March 2017

24. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares				
At 1 April	54,641	57,787	273,205	57,787
Share consolidation *	–	–	(218,564)	–
Total shares after consolidation	54,641	57,787	54,641	57,787
Performance shares vested during the year (Note 27)	1,120	1,719	–	–
At 31 March	55,761	59,506	54,641	57,787

* On 1 September 2015, the Company completed the share consolidation of every five existing issued shares into one ordinary share in the capital of the Company. As a result of the share consolidation, the total issued share capital of the Company has been consolidated into 54,640,986 shares.

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

25. FOREIGN CURRENCY TRANSLATION RESERVE

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

26. STATUTORY RESERVE

Statutory reserve is contributed by the Group's subsidiary companies established in the People's Republic of China ("PRC") and Thailand.

In accordance with laws and regulations in the PRC, the Group's subsidiary companies established in PRC are required to appropriate not less than 10% of its profit after tax to the statutory reserve until the cumulative reserve balance reaches 50% of the subsidiary companies' registered capital. Accordingly, a portion of the profits has been transferred to the statutory reserve.

Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiary companies. The reserve is not available for dividend distribution to shareholders.

For the Group's subsidiary company established in Thailand, under the Public Company Limited Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5% of its profit before tax, after deducting accumulated deficit brought forward (if any), at each distribution of dividends, until the reserve reaches 10% of its registered share capital. This reserve cannot be used to pay dividend.

Notes to the Financial Statements

For the financial year ended 31 March 2017

27. EMPLOYEE BENEFITS

	Group	
	2017 \$'000	2016 \$'000
Employee benefits expense (including directors):		
Salaries and bonuses	40,654	44,150
Defined contribution plans	3,335	3,505
Share-based compensation expenses	1,719	-
Other employee benefits	2,683	2,985
	<u>48,391</u>	<u>50,640</u>

Performance share plan

During the financial year, the Company established the performance share plan where performance share awards are granted to selected employees of the Group. The awards are granted to retain employees whose contributions are essential to the well-being and prosperity of the Group, and to give recognition for the employees' contribution to the growth of the Group. The awards are settled by delivery of the Company's shares.

On 30 June 2016, the Company has granted 1,120,000 shares of \$1.535 each, under the performance share plan. All shares were vested on the grant date.

28. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group	
	2017 \$'000	2016 \$'000
Related party		
Consultancy fees paid to a director	180	180

(b) Compensation of key management personnel

	Group	
	2017 \$'000	2016 \$'000
Directors' fees	308	308
Short-term employee benefits	7,366	7,217
Share-based compensation expenses	1,590	-
Defined contribution plans	124	115
Total compensation paid to key management personnel	<u>9,388</u>	<u>7,640</u>
Comprise amounts paid to		
- Directors of the Company	5,017	4,392
- Other key management personnel	4,371	3,248
	<u>9,388</u>	<u>7,640</u>

Notes to the Financial Statements

For the financial year ended 31 March 2017

29. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2017 \$'000	2016 \$'000
Capital commitments in respect of plant and equipment	742	1,365

(b) Operating lease commitments - as lessee

The Group has entered into commercial leases principally for land rent, office and production floor with remaining lease terms of 1 to 3 years. The operating leases do not contain any escalation clauses and do not provide for contingent rents.

Certain leases include renewal options for additional lease period of up to 3 years at rental rates to be based on negotiation or prevailing market conditions. There are no restrictions placed upon the Group by entering into these leases. Rental expense (principally for factory building) was \$3,306,000 (2016: \$3,748,000) for the financial year ended 31 March 2017.

Future minimum lease payments for all leases with remaining terms of one year or more at the end of the reporting period are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Not later than one year	2,404	1,497	788	778
Later than one year but not later than five years	1,513	3,025	105	887
	3,917	4,522	893	1,665

Notes to the Financial Statements

For the financial year ended 31 March 2017

29. COMMITMENTS (cont'd)

(c) *Finance lease commitments - as lessee*

The Group has finance leases for certain items of plant and equipment and motor vehicles (Note 11).

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

	Minimum lease payments 2017 \$'000	Present value of lease liabilities 2017 \$'000	Minimum lease payments 2016 \$'000	Present value of lease liabilities 2016 \$'000
Group				
Not later than one year	79	71	120	106
Later than one year but not later than five years	85	75	254	221
Total minimum lease payments	164	146	374	327
Less: amounts representing finance charges	(18)	-	(47)	-
Present value of minimum lease payments	146	146	327	327
Company				
Not later than one year	52	46	85	74
Later than one year but not later than five years	67	59	209	181
Total minimum lease payments	119	105	294	255
Less: amounts representing finance charges	(14)	-	(39)	-
Present value of minimum lease payments	105	105	255	255

These leases do not contain terms of renewal or purchase options or escalation clauses. There are no restrictions placed upon the Group by entering into these leases.

The finance leases bear effective interest ranging from 3.66% to 8.16% (2016: 3.66% to 8.16%) per annum and expire between 2017 and 2019.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Company			
	Carrying amount 2017 \$'000	Fair value 2017 \$'000	Carrying amount 2016 \$'000	Fair value 2016 \$'000
Financial assets:				
Loans due from subsidiary companies (Note 15)	19,222	*	19,591	*

* Loans due from subsidiary companies (Note 15)

The loans due from subsidiary companies are long-term loans with no repayment terms and are repayable only when cash flows of the subsidiary companies permit. Accordingly, the fair values are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken except for the use as hedging instruments, where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

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

(a) **Foreign currency risk**

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar (SGD), Chinese Renminbi (RMB), Thai Baht (Baht) and Malaysian Ringgit (Ringgit). The foreign currencies in which these transactions are denominated are mainly in United States Dollars (USD). Approximately 69% (2016: 64%) of the Group's sales are denominated in foreign currencies, whilst almost 65% (2016: 76%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly denominated in USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, Euro and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		Impact to profit before tax	
		2017	2016
		\$'000	\$'000
USD/SGD	- strengthened 5% (2016: 5%)	+384	+499
	- weakened 5% (2016: 5%)	-384	-499
USD/RMB	- strengthened 5% (2016: 5%)	+1,354	+1,222
	- weakened 5% (2016: 5%)	-1,354	-1,222
Euro/RMB	- strengthened 5% (2016: 5%)	+221	+167
	- weakened 5% (2016: 5%)	-221	-167
SGD/Ringgit	- strengthened 5% (2016: 5%)	-146	-183
	- weakened 5% (2016: 5%)	+146	+183

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of not more than 6 months (2016: not more than 6 months) from the end of the reporting period.

The Group manages interest rate risk by entering into short-term loans and borrowings for working capital purposes which allow the interest rate to be re-priced at intervals not more than 6 months (2016: not more than 6 months).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 45 (2016: 45) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been \$59,000 (2016: \$32,000) lower/higher. This arises mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

(c) **Liquidity risk**

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

The Group's liquidity risk management policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term.

At the end of the reporting period, approximately 50.4% (2016: 97.0%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 96.3% (2016: 89.7%) of the Company's loans and borrowings will mature in less than one year at the end of the reporting period.

The Group assessed it has sufficient cashflows to meet its obligations, and further assessed the risk with respect to refinancing its debt and concluded it to be low. Access to sources of financing is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) **Liquidity risk** (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	2017 \$'000			2016 \$'000		
	One year or less	One to five years	Total	One year or less	One to five years	Total
Group						
Financial assets:						
Trade and other receivables	43,183	-	43,183	42,484	-	42,484
Cash and short-term deposits	40,609	-	40,609	38,952	-	38,952
Total undiscounted financial assets	83,792	-	83,792	81,436	-	81,436
Financial liabilities:						
Trade and other payables	32,018	-	32,018	36,928	-	36,928
Loans and borrowings	7,019	7,530	14,549	7,321	254	7,575
Total undiscounted financial liabilities	39,037	7,530	46,567	44,249	254	44,503
Total net undiscounted financial assets/(liabilities)	44,755	(7,530)	37,225	37,187	(254)	36,933

	2017 \$'000				2016 \$'000			
	One year or less	One to five years	More than five years	Total	One year or less	One to five years	More than five years	Total
Company								
Financial assets:								
Trade and other receivables	8,302	-	-	8,302	8,926	-	-	8,926
Loans due from subsidiary companies	-	-	19,222 *	19,222	-	-	19,591 *	19,591
Cash and short-term deposits	18,051	-	-	18,051	15,462	-	-	15,462
Total undiscounted financial assets	26,353	-	19,222	45,575	24,388	-	19,591	43,979
Financial liabilities:								
Trade and other payables	8,990	-	-	8,990	8,460	-	-	8,460
Loans and borrowings	1,554	67	-	1,621	1,604	209	-	1,813
Total undiscounted financial liabilities	10,544	67	-	10,611	10,064	209	-	10,273
Total net undiscounted financial assets/(liabilities)	15,809	(67)	19,222	34,964	14,324	(209)	19,591	33,706

* The loans due from subsidiary companies are not expected to be repaid in the foreseeable future. Hence, the estimated interest receivables have been excluded in the undiscounted repayment obligations.

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) **Credit risk**

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2017		2016	
	\$'000	% of total	\$'000	% of total
Asia Pacific	19,362	47.2	19,185	45.9
America	15,442	37.6	15,914	38.0
Europe	5,167	12.6	5,626	13.4
Singapore	1,055	2.6	1,119	2.7
	41,026	100.0	41,844	100.0

At the end of the reporting period, approximately 38.1% (2016: 43.9%) of the Group's trade receivables were due from 5 major customers who are multi-national companies.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

Notes to the Financial Statements

For the financial year ended 31 March 2017

32. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2017 and 31 March 2016.

As disclosed in Note 26, subsidiary companies of the Group are required by laws and regulations to contribute to and maintain a non-distributable statutory reserve. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary companies for the financial years ended 31 March 2017 and 31 March 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at not more than 60%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the above-mentioned restricted statutory reserve.

	Group	
	2017	2016
	\$'000	\$'000
Loans and borrowings (Note 21)	13,230	7,458
Trade and other payables (Note 20)	32,018	36,928
Less: Cash and short-term deposits (Note 19)	(40,609)	(38,952)
Net debt	4,639	5,434
Equity attributable to owners of the Company	109,678	100,588
Less: Statutory reserve (Note 26)	(8,513)	(6,828)
Total capital	101,165	93,760
Capital and net debt	105,804	99,194
Gearing ratio	4.4%	5.5%

33. SEGMENT INFORMATION

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

- (1) The high precision plastic injection ("plastic injection") segment manufactures plastic components used in products for the automotive, computer peripheral, healthcare and consumer product industries.
- (2) The mould design and fabrication ("tooling") segment manufactures moulds used in the manufacture of plastic injection components.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an agreed term basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

For the financial year ended 31 March 2017

33. SEGMENT INFORMATION (cont'd)

	Plastic injection		Tooling		Adjustments and eliminations		Note	Per consolidated financial statements	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000		2017 \$'000	2016 \$'000
Revenue:									
Sales to external customers	166,859	176,690	11,227	11,254	-	-		178,086	187,944
Results:									
Interest income	45	80	13	19	-	-		58	99
Depreciation and amortisation	6,583	7,075	389	410	-	-		6,972	7,485
Other non-cash expenses	2,575	1,792	58	27	-	-	A	2,633	1,819
Finance cost	289	339	6	6	-	-		295	345
Segment profit	17,022	16,105	642	763	-	-		17,664	16,868
Assets:									
Available-for-sale investment	80	-	-	-	-	-		80	-
Additions to non-current assets	17,537	10,016	251	122	-	-	B	17,788	10,138
Segment assets	147,151	137,536	9,226	8,589	591	495	C	156,968	146,620
Segment liabilities	43,222	42,814	2,455	1,923	1,613	1,295	D	47,290	46,032

A Other non-cash expenses consist of allowance for inventory write-down, inventories written off, share-based compensation expenses, property, plant and equipment written off, impairment loss on property, plant and equipment, and provision for defined benefit plan as presented in the respective notes to the financial statements.

B Additions to non-current assets consist of additions to property, plant and equipment, intangible assets and land use right.

C The following item is added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2017 \$'000	2016 \$'000
Deferred tax assets	591	495

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2017 \$'000	2016 \$'000
Deferred tax liabilities	658	545
Income tax payable	955	750
	1,613	1,295

Notes to the Financial Statements

For the financial year ended 31 March 2017

33. SEGMENT INFORMATION (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
China	118,569	121,598	28,125	15,990
Malaysia	26,017	25,581	4,733	4,498
Thailand	21,179	21,477	7,371	8,344
Singapore	12,321	19,288	6,926	7,666
	178,086	187,944	47,155	36,498

Non-current assets information presented above consist of property, plant and equipment, available-for-sale investment, goodwill and other intangible assets and land use right as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amount to \$27,651,000 (2016: \$25,147,000), of which \$26,385,000 (2016: \$24,448,000) arises from the plastic injection segment and \$1,266,000 (2016: \$699,000) from the tooling segment.

34. DIVIDENDS

	Group and Company	
	2017 \$'000	2016 \$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares</i>		
- Final tax exempt (one-tier) dividend for 2016: 3.0 cents (2015: 0.6 cents *) per share	1,673	1,639
- Special tax exempt (one-tier) dividend for 2016: 2.0 cents (2015: 0.4 cents *) per share	1,115	1,093
- Interim tax exempt (one-tier) dividend for 2017: 3.0 cents (2016: 2.0 cents) per share	1,673	1,093
Proposed but not recognised as a liability as at 31 March:		
<i>Dividends on ordinary shares, subject to shareholders' approval at AGM</i>		
- Final tax exempt (one-tier) dividend for 2017: 3.0 cents (2016: 3.0 cents) per share	1,673	1,639
- Special tax exempt (one-tier) dividend for 2017: 3.0 cents (2016: 2.0 cents) per share	1,673	1,093

* Before Share Consolidation

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 23 June 2017.

Statistics of Shareholdings

As at 16 June 2017

(i)	Number of fully issued and paid Shares	:	55,760,986
(ii)	Amount of issued and paid up Shares	:	S\$57,835,594.01
(iii)	Class of Shares	:	Ordinary Shares
(iv)	Voting rights	:	1 vote per share
(v)	Treasury Shares	:	None
(vi)	Subsidiary Holdings	:	None

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	7	1.20	112	0.00
100 - 1,000	164	28.23	85,380	0.15
1,001 - 10,000	283	48.71	1,181,180	2.12
10,001 - 1,000,000	122	21.00	8,224,441	14.75
1,000,001 AND ABOVE	5	0.86	46,269,873	82.98
TOTAL	581	100.00	55,760,986	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CIMB Securities (Singapore) Pte. Ltd.	31,322,847	56.17
2	Univac Precision Engineering Pte Ltd	10,466,666	18.77
3	Citibank Nominees Singapore Pte Ltd	1,702,160	3.05
4	Phillip Securities Pte Ltd	1,430,900	2.57
5	Go Mei Lin	1,347,300	2.42
6	Low Boon Yong	935,000	1.68
7	OCBC Securities Private Limited	600,920	1.08
8	See Beng Lian Janice	487,800	0.87
9	Chan Kok Wai Peter	360,000	0.65
10	DBSN Services Pte. Ltd.	303,400	0.54
11	Raffles Nominees (Pte) Limited	245,000	0.44
12	Chee Kwai Fun (Zhu Guifen)	240,000	0.43
13	DBS Nominees (Private) Limited	203,820	0.37
14	Tay Kok Leong	200,000	0.36
15	Ang Yann Siang	180,000	0.32
16	Goh Bee Lan	176,000	0.31
17	Goh Guan Siong (Wu Yuanxiang)	160,600	0.29
18	Tan Chee Bun Gordon	145,000	0.26
19	Lim Cher Khiang	143,346	0.26
20	Low Wei Min James	136,600	0.24
Total		50,787,359	91.08

Substantial Shareholders

As at 16 June 2017

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
Harmony (S) Holdings Pte Ltd ⁽²⁾	–	–	31,257,133	56.06
Tan Choon King ⁽³⁾	–	–	31,257,133	56.06
Univac Precision Engineering Pte Ltd	10,466,666	18.77	–	–
Venture Corporation Limited ⁽⁴⁾	–	–	10,466,666	18.77

Notes:

⁽¹⁾ Based on the total number of issued ordinary shares of 55,760,986 (excluding treasury shares) as at 16 June 2017.

⁽²⁾ Harmony (S) Holdings Pte Ltd's deemed interest is through a nominee, CIMB Securities (Singapore) Pte Ltd.

⁽³⁾ Mr Tan Choon King's deemed interest is through his interest in Harmony (S) Holdings Pte Ltd.

⁽⁴⁾ Venture Corporation Limited's deemed interest is through its interest in Univac Precision Engineering Pte Ltd.

To the best of the knowledge of the Company and based on information available to the Company as at 16 June 2017, approximately 23.8% of the issued ordinary shares of the Company is held in the hands of the public. Therefore, the Company complies with Rule 723 of the Listing Manual.

The Company does not have any treasury shares or subsidiary holdings.

Notice of Annual General Meeting and Notice of Books Closure Date

FISCHER TECH LTD

Company Registration Number: 199404532R
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fischer Tech Ltd (the “**Company**”) will be held on 28 July 2017 at 3:00 p.m. at 39 Scotts Road, Sheraton Towers Singapore, Diamond Room, Lower Lobby, Singapore 228230 for the purpose of transacting the following business:

ORDINARY BUSINESS

- | | |
|---|---------------------|
| 1. To receive and adopt the Directors’ Statement, Auditor’s Report and Audited Financial Statements for the financial year ended 31 March 2017. | Resolution 1 |
| 2. To declare the payment of a final tax exempt (one-tier) dividend of 3.0 cents per ordinary share for the financial year ended 31 March 2017. | Resolution 2 |
| 3. To declare the payment of a special tax exempt (one-tier) dividend of 3.0 cents per ordinary share for the financial year ended 31 March 2017. | Resolution 3 |
| 4. To re-elect Mr Leong Hong Kiat, Amos, a director retiring pursuant to Article 91 of the Company’s Constitution. | Resolution 4 |
| 5. To re-elect Mr Chan Kok Wai, Peter, a director retiring pursuant to Article 91 of the Company’s Constitution. | Resolution 5 |
| 6. To approve the proposed directors’ fees of S\$307,620 for the financial year ended 31 March 2017 (2016: S\$307,620). | Resolution 6 |
| 7. To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration. | Resolution 7 |

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions:

8. Share Issue Mandate

That authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares of the Company (“**shares**”) whether by way of rights issue, bonus issue or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting and Notice of Books Closure Date

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of shares.

and, in sub-paragraph (1) above and this sub-paragraph (2), “**subsidiary holdings**” has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. ([refer to explanatory note (a)])

Resolution 8

Notice of Annual General Meeting and Notice of Books Closure Date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 August 2017 for the purpose of determining shareholders' entitlements to the proposed final tax exempt (one-tier) dividend of 3.0 cents per ordinary share and the proposed special tax exempt (one-tier) dividend of 3.0 cents per ordinary share for the financial year ended 31 March 2017 (the "**Proposed Dividends**").

Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5:00 p.m. on 8 August 2017 will be registered before Shareholders' entitlements to the Proposed Dividends are determined.

Shareholders (being Depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. on 8 August 2017 will rank for the Proposed Dividends.

The Proposed Dividends, if approved at the Annual General Meeting of the Company to be held on 28 July 2017, will be paid on 17 August 2017.

By Order Of the Board

Tan Ching Chek
Company Secretary

12 July 2017
Singapore

Notice of Annual General Meeting and Notice of Books Closure Date

Explanatory Notes:

- (a) The proposed Resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limits as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

Notes to Proxy Form:

- (i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

- (ii) A proxy need not be a member of the Company.
- (iii) If a proxy is to be appointed, the instrument of proxy must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at its office located at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than 72 hours before the time appointed for holding the Annual General Meeting.
- (iv) The instrument of proxy must be signed by the appointor or his attorney duly authorised in writing. In the case of joint shareholders, all holders must sign the instrument of proxy.



Notice of Annual General Meeting and Notice of Books Closure Date

Personal Data Privacy:

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

Photographic, sound and/or video recordings of the above meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

In addition, the Company may upon the request of any shareholder, provide such shareholder with a copy of the minutes of the above meeting which may contain a member's personal data as explained above. By participating in the meeting, raising any questions and/or proposing/seconding any motion, a member will be deemed to have consented to have his personal data recorded and dealt with for the purposes and in the manner explained above.

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FISCHER TECH LTD

Company Registration Number: 199404532R
(Incorporated in the Republic of Singapore)

IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Fischer Tech Limited shares, this Proxy Form is not valid for use by them and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2017.

Annual General Meeting Proxy Form

I/We (Name) _____, NRIC/Passport No./Co.Reg. No.: _____

of (Address) _____,

being a member/members of FISCHER TECH LTD (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company (the "**Meeting**") to be held on 28 July 2017 at 3:00 p.m. at 39 Scotts Road, Sheraton Towers Singapore, Diamond Room, Lower Lobby, Singapore 228230 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to	For	Against
Ordinary Business			
1.	To Adopt the Directors' Statement, Auditor's Report and Audited Financial Statements		
2.	To declare Final Dividend		
3.	To declare Special Dividend		
4.	To re-elect Mr Leong Hong Kiat, Amos, a director retiring under Article 91 of the Company's Constitution		
5.	To re-elect Mr Chan Kok Wai, Peter, a director retiring under Article 91 of the Company's Constitution		
6.	To approve Directors' Fees		
7.	To re-appoint Ernst & Young LLP as Auditor and authorisation of directors to fix their remuneration		
Special Business			
8.	To approve the Share Issue Mandate		

Voting will be conducted by poll. If you wish to exercise all your votes For or Against, please tick with '✓'. Alternatively, please indicate the number of votes For or Against each resolution.

Dated this _____ day of _____ 2017.

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

**Total No. of
Shares Held**

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

2. A proxy need not be a member of the Company.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. If no name is inserted in the space for the name of your proxy on this instrument appointing a proxy or proxies, the Chairman of the Meeting will act as your proxy.
6. The instrument appointing a proxy or proxies must be deposited at the office of Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than 72 hours before the time appointed for holding the Meeting or any adjournment thereof.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged together with the instrument, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
10. CPF Investors who buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the meeting but would like to vote, may inform CPF Approved Nominees to appoint Chairman of the Meeting to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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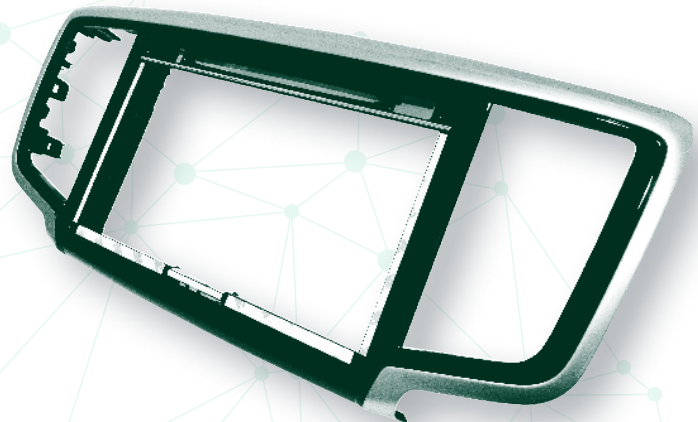
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