**CROESUS RETAIL ASSET MANAGEMENT PTE. LTD.
AND ITS SUBSIDIARY**

Financial Statements
For the year ended 30 June 2015

FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the year ended 30 June 2015

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Croesus Retail Asset Management Pte. Ltd. (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2015.

DIRECTORS

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

Mr Lim Teck Leong David (Chairman)
Mr Jim Chang Cheng-Wen (Chief Executive Officer)
Mr Yong Chao Hsien Jeremy
Mr Eng Meng Leong
Mr Quah Ban Huat

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR 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 options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	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**
Ultimate holding company				
Croesus Merchants International Pte. Ltd.				
Mr Jim Chang Cheng-Wen	51	51	–	–
Mr Yong Chao Hsien Jeremy	49	49	–	–
Intermediate holding company				
Croesus Partners Pte. Ltd.				
Mr Jim Chang Cheng-Wen	–	–	80	80
Mr Yong Chao Hsien Jeremy	–	–	80	80

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	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
Immediate holding company				
Evertrust Asset Management Pte. Ltd.				
Mr Jim Chang Cheng-Wen	–	–	4,800,000	4,800,000
Mr Yong Chao Hsien Jeremy	–	–	4,800,000	4,800,000
The Company				
Croesus Retail Asset Management Pte. Ltd.				
Mr Jim Chang Cheng-Wen	–	–	100,000	100,000
Mr Yong Chao Hsien Jeremy	–	–	100,000	100,000

There was no change in any of the above-mentioned interests in the Company between the end of the period and 21 July 2015.

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

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the accompanying financial statements, since the end of the previous period, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

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

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

INDEPENDENT AUDITOR

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

On behalf of the Board of Directors,

Lim Teck Leong David
Director

Jim Chang Cheng-Wen
Director

Singapore
16 September 2015

STATEMENT BY DIRECTORS

For the year ended 30 June 2015

We, Lim Teck Leong David and Jim Chang Cheng-Wen, being two of the directors of the Company, do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statement of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2015, and of the financial performance of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date, and

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

On behalf of the Board of Directors,

Lim Teck Leong David
Director

Jim Chang Cheng-Wen
Director

Singapore
16 September 2015

INDEPENDENT AUDITOR’S REPORT

To the Members of Croesus Retail Asset Management Pte. Ltd.
For the year ended 30 June 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Croesus Retail Asset Management Pte. Ltd. (the “Company”) and its subsidiary (the “Group”) set out on pages 7 to 35, which comprise the balance sheet of the Group and the Company as at 30 June 2015, 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 financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor’s Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Croesus Retail Asset Management Pte. Ltd.
For the year ended 30 June 2015

Opinion

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

16 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	Group 2015	Group 2014
		JPY'000	JPY'000
Revenue	4	634,312	544,131
Cost of sale		(214,724)	(213,140)
Gross profit		419,588	330,991
Other items of income			
Dividend income from investment securities		13,158	14,460
Interest income		2	–
Other income		216	28
Other items of expense			
Employee compensation	5	(198,803)	(207,408)
Other operating expenses	6	(174,133)	(91,629)
Realised loss on sale of investment securities		(19,003)	(2,214)
Finance costs		(5,286)	(2,772)
Profit before tax		35,739	41,456
Income tax expense	7	(3,270)	(3,477)
Net profit for the year		32,469	37,979
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net (loss)/gain on fair value changes of investment securities		(330)	515
Other comprehensive income for the year		(330)	515
Total comprehensive income for the year		32,139	38,494

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

BALANCE SHEETS

As at 30 June 2015

	Note	Group 2015 JPY'000	Group 2014 JPY'000	Company 2015 JPY'000	Company 2014 JPY'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	46,395	6,784	8,593	6,784
Investment in subsidiary	9	–	–	10	10
Investment securities	10	47,500	18,144	47,500	18,144
Prepayments	11	6,366	–	6,366	–
Other receivables	12	32,883	882	–	882
		133,144	25,810	62,469	25,820
Current assets					
Trade and other receivables	12	186,034	162,420	204,478	160,639
Prepayments	11	12,680	18,186	4,671	11,250
Cash and short-term deposits	13	112,257	133,674	99,685	129,166
		310,971	314,280	308,834	301,055
Total assets		444,115	340,090	371,303	326,875
LIABILITIES					
Current liabilities					
Trade and other payables	14	(128,389)	(139,946)	(109,691)	(130,610)
Loans and borrowings	15	(175,183)	(157,972)	(165,098)	(157,972)
Income tax payable		(3,040)	(1,221)	(2,971)	(931)
		(306,612)	(299,139)	(277,760)	(289,513)
Non-current liabilities					
Loans and borrowings	15	(49,367)	–	–	–
Other liabilities	16	(14,931)	–	–	–
Deferred tax liabilities		(2,038)	(1,923)	(2,038)	(1,153)
		(66,336)	(1,923)	(2,038)	(1,153)
Total liabilities		(372,948)	(301,062)	(279,798)	(290,666)
Net assets		71,167	39,028	91,505	36,209
EQUITY					
Share capital	17	6,560	6,560	6,560	6,560
Retained earnings		64,422	31,953	84,760	29,134
Fair value reserve	18	185	515	185	515
Total equity		71,167	39,028	91,505	36,209

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

Group	Note	Share Capital JPY'000	Retained earnings/ (Accumulated losses) JPY'000	Fair value reserve JPY'000	Total JPY'000
At 30 June 2013		6,560	(6,026)	–	534
Net profit for the year		–	37,979	–	37,979
Other comprehensive income					
– Net gain on fair value changes of investment securities	18	–	–	515	515
Total comprehensive income for the year		–	37,979	515	38,494
At 30 June 2014		6,560	31,953	515	39,028
Net profit for the year		–	32,469	–	32,469
Other comprehensive income					
– Net loss on fair value changes of investment securities	18	–	–	(330)	(330)
Total comprehensive income for the year		–	32,469	(330)	32,139
At 30 June 2015		6,560	64,422	185	71,167

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

Company	Note	Share Capital JPY'000	Retained earnings JPY'000	Fair value reserve JPY'000	Total JPY'000
At 30 June 2013		6,560	1,686	–	8,246
Net profit for the year		–	27,448	–	27,448
Other comprehensive income					
– Net gain on fair value changes of investment securities	18	–	–	515	515
Total comprehensive income for the year		–	27,448	515	27,963
At 30 June 2014		6,560	29,134	515	36,209
Net profit for the year		–	55,626	–	55,626
Other comprehensive income					
– Net loss on fair value changes of investment securities	18	–	–	(330)	(330)
Total comprehensive income for the year		–	55,626	(330)	55,296
At 30 June 2015		6,560	84,760	185	91,505

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2015

	Note	Group 2015 JPY'000	2014 JPY'000
Operating activities			
Profit before tax		35,739	41,456
Adjustment for:			
Depreciation of property, plant and equipment	8	11,167	–
Realised loss on sales of investment securities		19,003	2,214
Finance cost		5,286	2,772
Interest income		(2)	–
Management fee received in units of listed property trust		(506,512)	(339,350)
Unrealised exchange loss/(gain)		5,811	(195)
Operating cash flows before changes in working capital		(429,508)	(293,103)
Changes in working capital:			
Trade and other receivables		(55,616)	(98,080)
Prepayments		(860)	(16,840)
Trade and other payables		3,126	(58,561)
Cash flows from operations		(482,858)	(466,584)
Interest received		2	–
Finance cost paid		(5,050)	(2,569)
Income tax paid		(1,336)	(381)
Net cash flows used in operating activities		(489,242)	(469,534)
Investing activities			
Purchase of property, plant and equipment	8	(50,778)	(6,784)
Proceeds from sales of investment securities		457,823	319,508
Net cash flows generated from investing activities		407,045	312,724
Financing activity			
Proceeds from loans and borrowings		60,526	158,509
Net cash flows generated from financing activity		60,526	158,509
(Decrease)/increase in cash and cash equivalents		(21,671)	1,699
Effect of exchange rate changes on cash and cash equivalents		254	(342)
Cash and cash equivalents at beginning of the year		133,674	132,317
Cash and cash equivalents at end of the year	13	112,257	133,674

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

1. CORPORATE INFORMATION

Croesus Retail Asset Management Pte. Ltd. (the "Company") is a limited liability company, which is domiciled and incorporated in Singapore. The immediate holding company is Evertrust Asset Management Pte. Ltd. ("EVT") which is incorporated and domiciled in Singapore and held by Croesus Partners Pte. Ltd, Daiwa House Industry Co. Ltd. and Marubeni Corporation in the proportions of 80.0%, 10.0% and 10.0% respectively. The ultimate holding company is Croesus Merchants International Pte. Ltd. ("CMI").

The registered office and the principal place of business of the Company is 50 Raffles Place, #25-03 Singapore Land Tower, Singapore 048623.

The principal activities of the Company are those relating to investment advisory and property fund management and the Company is the trustee-manager for Croesus Retail Trust ("CRT"), a retail business trust listed on the Singapore Exchange Securities Trading Limited.

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

The financial statements are presented in Japanese Yen (JPY) and all values in the tables are rounded to the nearest thousand (JPY'000) as indicated unless otherwise stated.

2.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception (Editorial correction in June 2015)*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Improvements to FRSs (November 2014)	
FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
FRS 107 *Financial Instruments: Disclosures*	1 January 2016
FRS 19 *Employee Benefits*	1 January 2016
FRS 34 *Interim Financial Reporting*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary 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 are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when 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.

(b) *Business combinations*

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 accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations* (cont'd)

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.

2.4 Foreign currency

The financial statements are presented in Japanese Yen, 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 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

(b) *Consolidated financial statements*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

Buildings and improvements	–	10 to 15 years
Furniture and fixtures	–	5 to 8 years

Capital work-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.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.8 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.

Subsequent measurement

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

(i) 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.

(ii) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

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.

Subsequent measurement

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

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.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of financial assets

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

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 asset becomes uncollectible, the carrying amount of impaired financial assets 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.

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.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

2.11 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) *Rendering of services*

Fees from the provision of fund management services (management fee, development management fee, acquisition fee and divestment fee from CRT) and other consultancy services are recognised when the services have been rendered.

(b) *Dividend income*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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 and 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 provision 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 differencees associated with investments in subsidiaries, associates and interests in joint ventures, where the timng of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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 subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extend 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Taxes (cont'd)

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

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*

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

(i) 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

(ii) receivables and payables that are stated with the amount of sales tax included.

2.13 Share capital

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

2.14 Employee compensation

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Related parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

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

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

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

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

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, 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.

Management is of the view that in the process of applying the Company's accounting policies, there are no judgments made which have a significant effect on the amounts recognised in the financial statements. In addition, there are no key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. REVENUE

	Group	
	2015	**2014**
	JPY'000	JPY'000
Management fee from CRT	555,112	441,531
Acquisition fee from CRT	79,200	102,600
	634,312	544,131

5. EMPLOYEE COMPENSATION

	Group	
	2015	**2014**
	JPY'000	JPY'000
Salaries, wages and employee benefits	122,063	170,114
Directors' fee	76,740	37,294
	198,803	207,408

6. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	Group	
	2015	**2014**
	JPY'000	JPY'000
Travel expenses	19,523	17,531
Rental and office expenses	56,411	38,393
Administrative expenses	46,715	14,252
Legal and professional fees	41,005	14,190
Foreign exchange losses	4,825	2,612
Others	5,654	4,651
	174,133	91,629

7. INCOME TAXES

Major components of income tax expense

The major components of income tax expense for the financial year ended 30 June 2015 and 2014 are:

	Group	
	2015	**2014**
	JPY'000	JPY'000
Income tax		
– Current income tax	3,155	1,554
– Deferred income tax	115	1,923
Income tax expense recognised in profit or loss	3,270	3,477

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	JPY'000	JPY'000
Profit before tax	35,739	41,456
Tax at statutory tax rate at 17% (2014:17%)	6,076	7,048
Adjustments:		
Different tax rates arising from foreign jurisdiction	(3,080)	2,158
Non-deductible expenses	1,713	–
Income not subject to taxation	(2,237)	(1,789)
Effect of tax incentives	(5,479)	(1,121)
Benefits from previously unrecognised tax losses	–	(2,913)
Deferred tax assets not recognised	6,051	–
Others	226	94
Income tax expense recognised in profit or loss	3,270	3,477

8. PROPERTY, PLANT AND EQUIPMENT

Group	Building and improvements JPY'000	Furniture and fittings JPY'000	Capital work-in-progress JPY'000	Total JPY'000
Cost:				
At 1 July 2013	–	–	–	–
Additions	–	–	6,784	6,784
At 30 June 2014 and 1 July 2014	–	–	6,784	6,784
Additions	33,430	17,348	–	50,778
Transfer	4,572	2,212	(6,784)	–
At 30 June 2015	38,002	19,560	–	57,562
Accumulated depreciation:				
At 1 July 2013, 30 June 2014 and 1 July 2014	–	–	–	–
Depreciation charge for the year	7,494	3,673	–	11,167
At 30 June 2015	7,494	3,673	–	11,167
Net carrying amount				
At 30 June 2014	–	–	6,784	6,784
At 30 June 2015	30,508	15,887	–	46,395

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Building and improvements JPY'000	Furniture and fittings JPY'000	Capital work-in-progress JPY'000	Total JPY'000
Cost:				
At 1 July 2013	–	–	–	–
Additions	–	–	6,784	6,784
At 30 June 2014 and 1 July 2014	–	–	6,784	6,784
Additions	642	2,278	–	2,920
Transfer	4,572	2,212	(6,784)	–
At 30 June 2015	5,214	4,490	–	9,704
Accumulated depreciation:				
At 1 July 2013, 30 June 2014 and 1 July 2014	–	–	–	–
Depreciation charge for the year	519	592	–	1,111
At 30 June 2015	519	592	–	1,111
Net carrying amount				
At 30 June 2014	–	–	6,784	6,784
At 30 June 2015	4,695	3,898	–	8,593

Capital work-in-progress

The Group and Company's property, plant and equipment included JPY Nil (2014: JPY6,784,000) which relate to expenditure on office renovation.

Assets held under finance leases

The carrying amount of building and improvements and furniture and fittings held under finance leases at the end of the reporting period were JPY25,813,000 (2014: JPY Nil) and JPY11,989,000 (2014: JPY Nil) respectively.

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

9. INVESTMENT IN SUBSIDIARY

	Company 2015 JPY'000	Company 2014 JPY'000
Equity shares, at cost	10	10

Details of subsidiary are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	Proportion (%) of ownership interest 2014
Croesus Retail Asset Management K.K. (1)	Japan	Investment advisory and property fund management	100	100

(1) There is no statutory requirement for the financial statement of Croesus Retail Asset Management K.K. to be audited.

10. INVESTMENT SECURITIES

	Group		Company	
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Available-for-sale financial assets				
Units in CRT	47,500	18,144	47,500	18,144
Total investment securities	47,500	18,144	47,500	18,144

11. PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Non-current:				
Prepaid operating expenses	6,366	–	6,366	–
Current:				
Prepaid operating expenses	12,680	18,186	4,671	11,250
Total prepayments	19,046	18,186	11,037	11,250

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	JPY'000	JPY'000	JPY'000	JPY'000
Non-current assets				
Refundable deposits	32,883	882	–	882
Current assets				
Trade receivables				
– CRT	165,418	140,345	165,418	140,345
Other receivables				
– Third party	8,957	1,558	–	–
– CRT	–	10,093	–	10,093
– Related company	9,285	6,000	–	6,000
– Subsidiary	–	–	36,686	2,177
Refundable deposits	2,374	4,424	2,374	2,024
	186,034	162,420	204,478	160,639
Total trade and other receivables	218,917	163,302	204,478	161,521
Add:				
Cash and short-term deposits (Note 13)	112,257	133,674	99,685	129,166
Total loans and receivables	331,174	296,976	304,163	290,687

Trade receivables are non-interest bearing and are to be settled in the form of cash and/or units in CRT as the Company elects.

As at 30 June 2015, trade receivables arising from CRT amounting to approximately JPY129,061,000 (2014: JPY118,405,000) are arranged to be settled via the issuance of units by CRT.

Other receivables are unsecured, interest-free and repayable on demand in cash.

Trade and other receivables denominated in foreign currencies other than the respective entities' functional currencies as at 30 June are as follow:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	JPY'000	JPY'000	JPY'000	JPY'000
Singapore Dollars	7,520	11,376	7,520	11,376

13. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Cash at banks and on hand	112,257	133,674	99,685	129,166

Cash and short-term deposits relates to cash in bank and cash on hand. Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currencies as at 30 June are as follow.

	Group		Company	
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Singapore Dollars	34,653	118,506	34,653	118,506

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Trade payables				
– Ultimate holding company	59,697	88,017	59,697	88,017
Other payables				
– Third parties	35,638	37,208	17,695	29,426
– Accrued operating expenses	33,054	14,721	32,299	13,167
Total trade and other payables	128,389	139,946	109,691	130,610
Add:				
Loans and borrowings (Note 15)	224,550	157,972	165,098	157,972
Total financial liabilities carried at amortised cost	352,939	297,918	274,789	288,582

Trade payables to ultimate holding company are unsecured, interest-free and repayable on demand in cash.

Other payables to third parties represent mainly sundry payables and goods and services tax payable.

Included in accrued operating expenses is an amount of JPY5,112,000 (2014: JPY4,567,000) that relates to directors' fees.

Trade and other payables denominated in foreign currencies as at 30 June are as follow:

	Group		Company	
	2015	2014	2015	2014
	JPY'000	JPY'000	JPY'000	JPY'000
Singapore Dollars	17,695	74,981	17,695	74,981

15. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2015	**2014**	**2015**	**2014**
		JPY'000	JPY'000	JPY'000	JPY'000
Non-current:					
Obligations under finance lease	2018	19,364	–	–	–
Loan from related party	2019	30,003	–	–	–
		49,367	–	–	–
Current:					
Obligations under finance lease	2016	10,085	–	–	–
Bank loans	2016	165,098	–	165,098	–
Bank loans	2015	–	157,972	–	157,972
		175,183	157,972	165,098	157,972
Total loan and borrowings		224,550	157,972	165,098	157,972

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 8). The average discount rate implicit in the leases is 3.56% p.a. (2014: Nil p.a.). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

Bank loans

Bank loans amounting to JPY165,098,000 (2014: JPY157,972,000) are secured by units of CRT held by ultimate holding company. The interest rates range from bank swap rate + 2.0% to bank offer rate + 2.0% (2014: bank swap rate + 2.0% to bank offer rate + 2.0%) per annum. The loans are repayable upon maturity.

Loan from related party

Loan from related party amounting to JPY30,003,000 (2014: JPY Nil) are unsecured and are repayable upon maturity with an interest rate of 3%.

Loans and borrowings denominated in foreign currencies as at 30 June are as follow:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	JPY'000	JPY'000	JPY'000	JPY'000
Singapore Dollars	61,798	54,672	61,798	54,672

16. OTHER LIABILITIES

	Group	
	2015	2014
	JPY'000	JPY'000
Asset retirement obligation	14,931	–

17. SHARE CAPITAL

	Group and Company			
	2015 No. of share	2015 Amount	2014 No. of share	2014 Amount
		JPY'000		JPY'000
At 1 July and 30 June	100,000	6,560	100,000	6,560

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

18. FAIR VALUE RESERVE

	Group and Company	
	2015	2014
	JPY'000	JPY'000
At 1 July	515	–
Fair value gain on investment securities	(330)	515
At 30 June	185	515

Fair value reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

19. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of services*

In addition to the related party information disclosure 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	
	2015	**2014**
	JPY'000	JPY'000
Acquisition fee paid to:		
– Immediate holding company	–	8,400
– Ultimate holding company	68,000	88,600
– Intermediate holding company	–	5,600
Management fee payable to ultimate holding company	48,241	30,585

(b) *Compensation of key management personnel*

	Group	
	2015	**2014**
	JPY'000	JPY'000
Key management personnel compensation (excluding directors' fees)		
Salaries and other short term employee benefits	114,613	133,215

20. COMMITMENTS

(a) *Operating lease commitments – as lessee*

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

	Group	
	2015	**2014**
	JPY'000	JPY'000
Not later than one year	44,426	17,897
Later than one year but not later than five years	95,009	5,578
	139,435	23,475

(b) *Finance lease commitments*

The Group has finance leases for certain items of building and improvements and furniture and fittings. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

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

	Group			
	2015 Minimum lease payments	**2015 Present value of payments**	**2014 Minimum lease payments**	**2014 Present value of payments**
	JPY'000	JPY'000	JPY'000	JPY'000
Not later than one year	10,379	9,248	–	–
Later than one year but not later than five years	19,197	17,995	–	–
Total minimum lease payment	29,576	27,243	–	–
Less: Amounts representing finance chargers	(2,333)	–	–	–
Present value of minimum lease payments	27,243	27,243	–	–

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Fair value hierarchy*

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

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

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

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

(b) *Assets and liabilities measured at fair value*

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group and Company	**Quoted prices in active markets for identical instruments (Level 1)** JPY'000	**Significant observable inputs other than quoted prices (Level 2)** JPY'000	**Significant unobservable inputs (Level 3)** JPY'000	**Total** JPY'000
2015				
Assets				
Available-for-sale financial assets (Note 10)				
Quoted equity securities	47,500	–	–	47,500
Total equity securities	47,500	–	–	47,500
Financial assets as at 30 June 2015	47,500	–	–	47,500
2014				
Assets				
Available-for-sale financial assets (Note 10)				
Quoted equity securities	18,144	–	–	18,144
Total equity securities	18,144	–	–	18,144
Financial assets as at 30 June 2014	18,144	–	–	18,144

(c) *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 carrying value of other financial assets (current and non-current) and financial liabilities (current) are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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 and Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

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

For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other receivables, the Company deals only with high credit quality counterparties for significant transactions.

The maximum exposure to credit risk is represented by the carrying amount of that class of financial instruments presented on the balance sheet.

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

Trade receivables that are neither past due nor impaired are receivables from CRT which represent the Company's maximum exposure to credit risk. CRT has relatively healthy financial position and management does not expect the listed trust to fail to meet its obligations.

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

There are no financial assets that are either past due and/or impaired.

(b) *Liquidity risk*

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

The Company manages liquidity risk by maintaining adequate cash balances to meet operational requirements. In addition, the Company relies on funding from its holding entity to ensure that it is able to meet its financial obligations as and when they fall due.

As at the end of the reporting period, the carrying amount of the Company's financial assets and liabilities approximate their contractual undiscounted repayment obligations.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *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.

The details of the interest rates relating to loans and borrowings are disclosed in Note 15.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 0.1% per annum higher/lower with all other variables constant, the Group's total return before tax would have been JPY195,000 (2014: JPY158,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate borrowings.

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from its operating activities that are denominated in a currency other than the functional currency of the Group.

The Group also holds cash and short-term deposits denominated in foreign currencies for working capital purposes. Information regarding foreign currencies denominated cash and short-term deposits are disclosed in Note 13.

<u>Sensitivity analysis for foreign currency risk</u>

At the reporting date, if the Japanese Yen strengthened/weakened against Singapore Dollar by 10% with all variables constant, the Group's total return before tax would have been JPY3,732,000 (2014: JPY5,490,000) lower/higher due to exchange differences arising from appreciation/depreciation of Japanese Yen against Singapore Dollar.

23. CAPITAL MANAGEMENT

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

The Group considers debt and shareholders' equity as its capital. Most of the capital requirements of the Company are financed by a bank as a working capital line. Any excess cash balances over and above the operating requirements may be used for dividends payment. There has been no change in the objectives, policies or process during the year ended 30 June 2015 and 2014.

24. EVENTS SUBSEQUENT TO REPORTING PERIOD

On 31 August 2015, the Company has received payment of management fees by way of issue of 1,680,000 new units of CRT at the issue price of SGD0.8439 per unit.

25. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 16 September 2015.

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