Company Registration No. 200415164G

KOP Limited and its subsidiaries

Revised Annual Financial Statements
31 March 2018

Building a better
working world

General information

Directors

Ong Chih Ching	Executive Chairman and Executive Director
Leny Suparman	Group Chief Executive Officer and Executive Director
Judith Goi Lang Peng	Non-Executive Director (Appointed on 16 September 2019)
Ng Hin Lee	Lead Independent Director (Appointed on 15 January 2018)
Dr Ho Kah Leong @ Ho Kah Leung	Independent Director
Yu-Foo Yee Shoon	Independent Director

Company Secretary

Shirley Tan Sey Liy (FCS, FCG)

Registered Office

316 Tanglin Road
#01-01
Singapore 247978

Share Registrar

In.Corp Corporate Services Pte. Ltd.
(formerly known as RHT Corporate Advisory Pte. Ltd.)
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

Principal Bankers

PT Bank CIMB Niaga Tbk
Overseas-Chinese Banking Corporation Limited
United Overseas Bank Limited
Hong Leong Finance Limited

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Wong Yew Chung (Date of appointment: since financial year ended 31 March 2018)

KOP Limited and its subsidiaries

General information

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The directors present their statement to the members together with the audited revised consolidated financial statements of KOP Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2018.

This new directors’ statement replaces the original directors’ statement signed on 7 August 2018. This new directors’ statement and the revised financial statements have been prepared in accordance with Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018.

The bases for revisions are explained in Note 2 to the revised financial statements. This new directors’ statement is taken as having been prepared on the date of the original directors’ statement and accordingly, does not consider those events occurring between 1 April 2018 and 30 March 2023.

Opinion of the directors

In the opinion of the directors,

(a) the revised 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 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year covered by the original consolidated financial statements; and

(b) as at the date of the original directors’ statement (7 August 2018), there were reasonable grounds to believe that the Company would be able to pay its debts as and when they fell due.

Directors

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

Directors in office at 31 March 2018	Movements during the period from 1 Apr 2018 to 30 March 2023		Directors in office at 30 March 2023
	Appointment	Retired/demised	
Ong Chih Ching	–	–	Ong Chih Ching
Leny Suparman	–	–	Leny Suparman
Goi Kok Neng (Wei Guolong)*	–	3 February 2019*	–
Judith Goi Lang Peng	16 September 2019	–	Judith Goi Lang Peng
Ng Hin Lee	–	–	Ng Hin Lee
Lee Kiam Hwee	–	29 October 2021	–
Dr Ho Kah Leong @ Ho Kah Leung	–	–	Dr Ho Kah Leong @ Ho Kah Leung
Yu-Foo Yee Shoon	–	–	Yu-Foo Yee Shoon

*Goi Kok Neng (Wei Guolong) demised on 3 February 2019.

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

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 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Direct interest			Deemed interest		
Name of directors	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2018**	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2018**
Ordinary shares of the Company						
Ong Chih Ching [(1) (2)]	1,100,000	1,100,000	1,100,000	493,247,143	493,247,143	493,247,143
Leny Suparman [(1) (3)]	1,000,000	1,000,000	1,100,000	459,257,142	459,257,142	459,257,142
Yu-Foo Yee Shoon	–	540,000	540,000	–	–	–

(1) By virtue of Section 7 of the Singapore Companies Act 1967, Ms. Ong Chih Ching and Ms. Leny Suparman are deemed to have an interest in all the subsidiaries, associates and joint ventures of the Company.

(2) By virtue of Section 7 of the Singapore Companies Act 1967, Ms. Ong Chih Ching is deemed to have an interest in 493,247,143 (2017: 493,247,143) shares which comprises (i) 428,571,428 (2017: 428,571,428) shares held through KOP Group Pte. Ltd., (ii) 64,675,715 (2017: 64,175,715) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd. (2017: United Overseas Bank Nominees (Private) Limited) and (iii) in 2017, 500,000 shares held through Citibank Nominees Singapore Pte. Ltd..

(3) By virtue of Section 7 of the Singapore Companies Act 1967, Ms. Leny Suparman is deemed to have an interest in 459,257,142 (2017: 459,257,142) shares which comprises (i) 428,571,428 (2017: 428,571,428) shares held through KOP Group Pte. Ltd. and (ii) 30,685,714 (2017: 30,685,714) shares held through Bank of Singapore Limited under Citibank Nominees Singapore Pte. Ltd. (2017: United Overseas Bank Nominees (Private) Limited).

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares 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.

Share options

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Audit and Risk Committee ("ARC")

As at the date of this statement, the members of the ARC are as follows:

Mr. Ng Hin Lee	Chairman and Lead Independent director
Mrs. Yu-Foo Yee Shoon	Independent director
Dr. Ho Kah Leong @ Ho Kah Leung	Independent director

All ARC members are Non-Executive Independent Directors.

The ARC has met three times since the last Annual General Meeting and has reviewed the following, where relevant, with the executive directors, external directors and internal auditors of the Company:

- the audit plans and results of the external auditor's examination of the financial statements and evaluation of the Group's system of internal accounting controls;
- the Group's financial and operating results and accounting policies;
- the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;
- the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- the co-operation and assistance given by the management to the Group's external auditor; and
- the re-appointment of the external auditors of the Group and their independence.

The ARC has full acess to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the ARC.

The ARC also undertakes the additional roles and responsibilities of assisting the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

KOP Limited and its subsidiaries

Directors' statement

On behalf of the Board of Directors,

Ong Chih Ching
Director

Leny Suparman
Director

Singapore
30 March 2023

Independent Auditor's Report to the Members of KOP Limited

Report on the Audit of the Revised Financial Statements

We have audited the revised financial statements of KOP Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the revised financial statements, including a summary of significant accounting policies. The revised financial statements replace the original financial statements approved by the directors on 7 August 2018.

Qualified opinion on the Consolidated Financial Performance and Consolidated Changes in Equity of the Group (arising from qualification in the previous financial year)

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated statement of profit or loss and other comprehensive income and consolidated statements of changes in equity of the Group are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) as they have effect under the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-sheet) Regulations 2018 (the Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view, seen as at the date of the original financial statements, of the consolidated financial performance and consolidated changes in equity of the Group for the year ended on that date.

Opinion on the Consolidated Financial Position and Consolidated Cash Flows of the Group, the Financial Position and Changes in Equity of the Company

In our opinion, the accompanying balance sheets of the Group and the Company, consolidated cash flows statement of the Group and the statement of changes in equity of the Company are properly drawn up in accordance with the Act as they have effect under the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-sheet) Regulations 2018 (the Regulations) and FRSs so as to give a true and fair view, seen as at the date of the original financial statements, of the consolidated financial position of the Group and the Company as at 31 March 2018 and of the consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion (Consequential effect of qualification in the previous financial year)

The predecessor auditor expressed a qualified opinion on the financial statements for the year ended 31 March 2017 as they were unable to obtain sufficient and appropriate audit evidence on the advances from an individual amounting to US$3,000,000 as at 31 March 2017 as set out in Note 26 to the revised financial statements. Consequently, we were unable to assess whether any adjustments arising from the opening balances were necessary to the consolidated statement of profit or loss and other comprehensive income and consolidated statements of changes in equity for the year ended 31 March 2018. The Group and the said individual have now formalised the loan arrangement as disclosed in Note 26 to the revised financial statements.

Basis for Qualified Opinion (Consequential effect of qualification in the previous financial year) (cont'd)

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 Revised 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 revised 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 unmodified opinion on the consolidated financial position of the Group and the financial position of the Company, the consolidated cash flows of the Group and changes in equity of the Company and our qualified opinion on the consolidated financial performance and consolidated changes in equity of the Group.

Other Matter – Revisions Made Under the Regulations

We draw attention to Note 2.1 to these revised financial statements which describes the voluntary revision of the original financial statements in accordance with section 202A of the Companies Act. The original financial statements have been revised to reflect a property held by a joint venture as investment property measured at fair value, instead of accounting it as property, plant and equipment recorded at cost. The original financial statements were approved by the directors on 7 August 2018 and we dated our original auditor's report on the original financial statements on that date.

The revised financial statements have been prepared in accordance with the Regulations and accordingly do not deal with events which have taken place after the date on which the original financial statements were approved. Consequently, our procedures on subsequent events are restricted solely to the revisions described in Note 2.1 to these revised financial statements and we have not performed procedures in relation to events occurring between the date of our original auditor's report and the date of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the revised financial statements of the current period. These matters were addressed in the context of our audit of the revised 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 the responsibilities described in the *Auditor's responsibilities* for the *Audit of the Revised 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 revised 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 revised financial statements.

1. Review of valuation reports

As at 31 March 2018, the Group has significant balances relating to properties in Bali and Batam, Indonesia, which comprise properties under development amounting to $24,306,000 and leasehold land and buildings amounting to $31,588,000 classified under property, plant and equipment. The Group's joint venture company has an investment property, amounting to $383,789,000, which is carried at fair value as at 31 March 2018.

Key Audit Matters (cont'd)

1. Review of valuation reports (cont'd)

To support the carrying value of these assets, the Group engaged an external professional valuer to determine both the net realisable value of the development properties and the recoverable amount of the leasehold land and buildings. The Group has also engaged an external professional valuer to assess the fair value of the investment property held by joint venture company. The valuation of these properties is significant to our audit because it involves the estimation of the key assumptions to be applied in the valuation model.

The assumptions applied are discount rate, average room rates, occupancy rates, growth rate and selling price per square metre and gross development costs per square metre. As part of the audit, we assessed the objectivity, independence and expertise of the external professional valuer. We involved our internal real estate valuation specialists to assist us in assessing the appropriateness of the valuation model and assessing the reasonableness of the key assumptions used by management and the external professional valuers with reference to historical information and industry data (where available). In addition, we assessed the adequacy of the disclosures on the development properties and property, plant and equipment in Note 18 and Note 10 respectively to the revised financial statements.

2. Recoverability of receivables

The Group has a loan receivable from its associate, Epic Land Pte. Ltd. ("Epic Land") amounting to $6,127,000 as at 31 March 2018 (Note 20). The recoverability of this loan is dependent on the completion of the sale of properties by Epic Land. In addition, the Group has an accrued income from services rendered to a joint venture company amounting to $2,097,000 as at 31 March 2018 (Note 20). The recoverability of the accrued income is dependent on the joint venture obtaining certain development permits from the China authorities. Significant management judgement is involved in evaluating the recoverability of these receivables. As such, we determined the recoverability of these receivables to be a key audit matter.

As part of our audit procedures in assessing the recoverability of the loan receivable from Epic Land, we reviewed the sale and purchase agreement for the sales of properties by Epic Land. We also assessed the reasonableness of management's judgement on the expected timing of the loan repayment from Epic Land based on previous completed sales of properties by Epic Land and historical loan repayment from Epic Land.

With respect to the accrued income, as part of our audit, we reviewed the service agreement with the joint venture. We also evaluated management's assessment on the joint venture's ability to obtain the required development permits by discussing with the component auditors to gain an understanding of the permits application process in China and obtained an update from management on the application status. We assessed the adequacy of the disclosures of significant judgement exercised by management in assessing the collectability of these receivables in Note 3.2 to the revised financial statements.

3. Going concern assumption

As discussed in Note 2.1 to the revised financial statements, the Group has negative cash flows from operating activities of $11,030,000 during the financial year ended 31 March 2018. Significant management judgement is involved in assessing the ability of the Group to meet its financial obligations, manage its liquidity position and consequently, the use of the going concern assumption in the preparation of the revised financial statements. As such, we determined this to be a key audit matter.

As part of our audit procedures, we obtained management's cash flow forecast and evaluated the reasonableness of the key assumptions used in the forecast. We performed stress test on the key assumptions used, in particular, revenue from properties sale and resort operations, by comparing to historical data. With respect to loan due to a shareholder of $37,000,000 as at 31 March 2018, we reviewed the letter received from the shareholder subsequent to year end to extend the repayment term of the loan for another year from 9 November 2018 to 9 November 2019. We also reviewed the notice of conversion received subsequent to year end from an individual to convert the loan due to the individual amounting to US$3,000,000 as at 31 March 2018 to shares of a subsidiary. In addition, we assessed the expected cash flows to be received from the associate, Epic Land as described in the above key audit matter - Recoverability of receivables (recoverability of loan receivable from Epic Land). We also assessed the adequacy of the disclosures to Note 2.1 to the revised financial statements.

Other Matter

The financial statements of the Group for the financial year ended 31 March 2017 were audited by another auditor who expressed a qualified opinion on those statements on 28 August 2017 due to the matter described in the Basis for Qualified Opinion section of our report.

Other Information

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

Our opinion on the revised 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 revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised 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. The Directors' Statement states that the revised consolidated financial statements of the Group and the statement of financial position 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 the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended. However, as described in the Basis for Qualified Opinion section above, we have qualified our opinion on the revised consolidated financial performance and consolidated changes in equity of the Group due to the qualification in the previous financial year as described in that section.

Responsibilities of Management and Directors for the Revised Financial Statements

Management is responsible for the preparation of revised financial statements that give a true and fair view in accordance with the provisions of the Act as they have effect under the Regulations 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 revised financial statements and to maintain accountability of assets.

In preparing the revised financial statements, management is responsible for assessing the Group's ability to continue as a going concern, as made up to the date of the original financial statements, 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 Revised Financial Statements

Our objectives are to obtain reasonable assurance about whether the revised 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 revised financial statements.

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

- Identify and assess the risks of material misstatement of the revised 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 revised 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 original auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor’s Responsibilities for the Audit of the Revised Financial Statements (cont’d)

- Evaluate the overall presentation, structure and content of the revised financial statements, including the disclosures, and whether the revised 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 revised consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Obtain sufficient appropriate audit evidence about whether the revisions made under the Regulations are appropriately reflected in these revised financial statements.

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 revised 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 Wong Yew Chung.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 March 2023

KOP Limited and its subsidiaries

Revised consolidated statement of profit or loss and other comprehensive income
For the financial year ended 31 March 2018

	Note	Group	
		Revised	
		2018	**2017**
		$'000	$'000
Revenue	4	26,705	16,150
Cost of sales		(8,893)	(8,827)
Gross profit		17,812	7,323
Other operating income	5	3,324	14,974
Distribution costs		(582)	(920)
Administrative and general expenses		(20,778)	(18,200)
Share of results from investments in associates		(66)	1,896
Share of results from investment in a joint venture	15	36,259	–
Finance costs	6	(3,473)	(965)
Profit before tax		32,496	4,108
Income tax expense	7	(2,981)	(1,894)
Profit after tax	8	29,515	2,214
Other comprehensive income for the financial year			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		2,367	(62)
Total comprehensive income for the financial year		31,882	2,152
Profit/(loss) attributable to:			
Owners of the Company		29,778	1,194
Non-controlling interests		(263)	1,020
		29,515	2,214
Total comprehensive income attributable to:			
Owners of the Company		31,971	1,172
Non-controlling interests		(89)	980
		31,882	2,152
Earnings per share (cents)			
Basic and diluted	9	3.02	0.13

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

KOP Limited and its subsidiaries

Revised Balance sheets
As at 31 March 2018

		Group		Company	
	Note	**Revised 2018** $'000	**2017** $'000	**2018** $'000	**2017** $'000
Non-current assets					
Property, plant and equipment	10	41,671	59,427	3	–
Investment properties	11	–	11,306	–	–
Intangible assets	12	–	7	–	–
Investments in subsidiaries	13	–	–	144,900	147,400
Investments in associates	14	8,669	8,735	–	–
Investment in a joint venture	15	99,722	–	–	–
Deferred tax assets	16	99	242	–	–
Notes receivable	17	1,789	16,894	–	–
		151,950	96,611	144,903	147,400
Current assets					
Development properties	18	24,306	24,448	–	–
Inventories	19	527	518	–	–
Trade and other receivables	20	11,458	36,485	78,489	27,833
Other current assets	21	932	755	47	22
Notes receivable	17	8,000	–	–	–
Cash and bank balances	22	9,613	815	440	5
		54,836	63,021	78,976	27,860
Total assets		206,786	159,632	223,879	175,260

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

KOP Limited and its subsidiaries

Revised Balance sheets
As at 31 March 2018

		Group		Company	
	Note	**Revised 2018** $'000	**2017** $'000	**2018** $'000	**2017** $'000
Current liabilities					
Bank overdrafts and bank borrowings (secured)	23	1,131	14,075	–	–
Finance leases	24	30	20	–	–
Sales proceeds received in advance	25	986	2,445	–	–
Tax payable		523	1,131	4	4
Trade and other payables	26	13,835	24,231	830	5,015
Loan from a shareholder	27	37,000	–	37,000	–
		53,505	41,902	37,834	5,019
Non-current liabilities					
Deferred tax liabilities	16	4,733	2,626	–	–
Bank borrowings (secured)	23	10,125	19,822	–	–
Finance leases	24	177	37	–	–
		15,035	22,485	–	–
Equity attributable to owners of the Company					
Share capital	28	78,940	67,861	294,506	283,427
Foreign currency translation reserves	29	2,607	414	–	–
Other reserves	30	1,520	1,520	–	–
Retained earnings/(Accumulated losses)		55,722	25,944	(108,461)	(113,186)
		138,789	95,739	186,045	170,241
Non-controlling interests		(543)	(494)	–	–
Total equity		138,246	95,245	186,045	170,241
Total liabilities and equity		206,786	159,632	223,879	175,260

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

KOP Limited and its subsidiaries

Revised consolidated statements of changes in equity
For the financial year ended 31 March 2018

	Share capital $'000	Foreign currency translation reserves (Revised) $'000	Other reserves $'000	Retained earnings (Revised) $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group							
As at 1 April 2016	67,861	436	1,258	25,012	94,567	(1,420)	93,147
Total comprehensive income for the financial year							
Profit for the year	–	–	–	1,194	1,194	1,020	2,214
Other comprehensive income for the year	–	(22)	–	–	(22)	(40)	(62)
	–	(22)	–	1,194	1,172	980	2,152
Transactions with owners, recognised directly in equity							
Strike-off of subsidiary	–	–	262	(262)	–	(54)	(54)
As at 31 March 2017	67,861	414	1,520	25,944	95,739	(494)	95,245
Total comprehensive income for the financial year							
Profit/(Loss) for the year	–	–	–	29,778	29,778	(263)	29,515
Other comprehensive income for the year	–	2,193	–	–	2,193	174	2,367
	–	2,193	–	29,778	31,971	(89)	31,882
Transactions with owners, recognised directly in equity							
Issuance of ordinary shares (Note 28)	11,079	–	–	–	11,079	–	11,079
Contribution from non-controlling interests	–	–	–	–	–	40	40
As at 31 March 2018	78,940	2,607	1,520	55,722	138,789	(543)	138,246

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

KOP Limited and its subsidiaries

Statements of changes in equity
For the financial year ended 31 March 2018

Company	Share capital $'000	Accumulated losses $'000	Total $'000
As at 1 April 2016	283,427	(109,860)	173,567
Loss for the year, representing total comprehensive income for the year	–	(3,326)	(3,326)
As at 31 March 2017	283,427	(113,186)	170,241
Profit for the year, representing total comprehensive income for the year	–	4,725	4,725
Issuance of ordinary shares (Note 28)	11,079	–	11,079
As at 31 March 2018	294,506	(108,461)	186,045

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

KOP Limited and its subsidiaries

Revised consolidated cash flow statement
For the financial year ended 31 March 2018

	Note	Revised 2018 $'000	2017 $'000
Operating activities			
Profit before tax		32,496	4,108
Adjustments for:			
Depreciation of property, plant and equipment	10	3,251	3,352
Gain on disposal of non-current asset held for sale	5	–	(8,801)
(Gain)/Loss on disposal of property, plant and equipment	5,8	(455)	28
Gain on strike-off of subsidiaries	5	(146)	–
Gain on disposal of subsidiary	5, 13(d)	(23)	–
Property, plant and equipment written off	8	3	117
Amortisation of intangible assets	8	7	59
Impairment of prepaid film rights	8	–	87
Impairment of intangible assets	8	–	60
Interest income	5	(1,038)	(1,889)
Finance costs	6	3,473	965
Bad debts written off	8	30	–
Allowance for doubtful receivables, net	8	112	343
Unrealised foreign exchange differences		1,845	(363)
Share of results of investments in associates		66	(1,896)
Share of results of investment in a joint venture		(36,259)	–
Fair value gain on investment property	11	–	(340)
Operating cash flows before changes in working capital		3,362	(4,170)
Trade and other receivables		(2,792)	(924)
Other current assets		(198)	(51)
Development properties		172	183
Inventories		(9)	64
Prepaid film rights		–	9
Trade and other payables		(5,200)	(8,215)
Sales proceeds received in advance		(1,459)	(2,740)
Cash flows used in operating activities		(6,124)	(15,844)
Interest paid		(3,640)	(1,780)
Interest received		–	8
Tax paid		(1,266)	(304)
Net cash flows used in operating activities		(11,030)	(17,920)

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

KOP Limited and its subsidiaries

Revised consolidated cash flow statement
For the financial year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Investing activities			
Purchase of property, plant and equipment	10	(2,678)	(2,956)
Proceeds from disposal of property, plant and equipment		492	1,108
Proceeds from non-current asset held for sale		–	33,792
Partial redemption of notes receivable		8,000	–
Net cash outflow on investment in a joint venture		(61,389)	–
Net cash inflow on disposal of a subsidiary	13(d)	2,868	–
Repayment of loan from an associate		27,000	–
Net cash flows (used in)/generated from investing activities		(25,707)	31,944
Financing activities			
Repayment of bank borrowings		(14,539)	(21,307)
(Increase)/Decrease in restricted funds placed in escrow accounts		(474)	465
Repayment of finance leases		(83)	(169)
Repayment to non-controlling interests		(3,792)	(54)
Advances from non-controlling interests		–	4,163
Proceeds from issuance of ordinary shares		11,079	–
Proceeds from bank borrowings		23,000	–
Proceeds from loan from a shareholder		45,000	–
Repayment of loan to a shareholder		(8,000)	–
Proceeds from finance leases		233	–
Capital contribution from non-controlling interests		40	–
Net cash flows generated from/(used in) financing activities		52,464	(16,902)
Net increase/(decrease) in cash and cash equivalents		15,727	(2,878)
Cash and cash equivalents at beginning of the financial year		(6,800)	(3,933)
Effect of foreign currency translation on cash and cash equivalents		(75)	11
Cash and cash equivalents at end of the financial year	22	8,852	(6,800)

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

1. Corporate information

The Company (Registration No. 200415164G) is a limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 316 Tanglin Road #01-01, Singapore 247978. The Company is listed on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is a subsidiary of KOP Group Pte. Ltd., incorporated in Singapore, which is also the Company's ultimate holding company. KOP Group Pte. Ltd. is substantially owned by Ms. Ong Chih Ching and Ms. Leny Suparman. Related companies in these revised financial statements refer to members of the ultimate holding company's group of companies.

The principal activity of the Company is to carry on the business of an investment holding company. The principal activities of the subsidiaries, associates and joint venture are disclosed in Notes 13, 14 and 15 to the revised financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

These revised financial statements were prepared in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018, as the directors have voluntarily revised these Financial Statements in accordance with section 202A of the Companies Act.

These revised financial statements replace the original financial statements that were approved by the directors on 7 August 2018. These revised financial statements were approved by the directors on 30 March 2023.

These revised financial statements are taken as having been prepared on the date of the original financial statements on 7 August 2018 and accordingly, do not consider any events which occurred between 8 August 2018 and 30 March 2023.

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

These revised financial statements have been revised to reflect a property held by a joint venture as investment property measured at fair value, instead of accounting it as property, plant and equipment using cost model.

During the financial year ended 31 March 2018, the Group and 2 joint venturers set up Shanghai Snow Star Properties Co., Ltd. ("Joint Venture") to develop a land in Shanghai into an integrated sports and entertainment tourism resort that will house the world's largest indoor ski and snow park known as the "Wintastar Shanghai project" (the "property"). The parties agreed that the completed property would be leased to an operating company. However, the leasing arrangement would only commence when the land was fully developed with all the components and not at its undeveloped state.

2. Summary of significant accounting policies (cont'd)

2.1 *Basis of preparation (cont'd)*

In assessing the initial classification of the newly acquired land held by the Joint Venture for the financial year ended 31 March 2018, judgement was made by management based on the information available and circumstances existing at that material time. The Group had assessed that the development was complex consisting of ski and snow parks, water parks, ice skating rinks, hotels, cable cars and other components and regulatory approvals for certain components could be withheld due to its complexity and scale of development. There was no certainty at that material time, that all approvals could be easily obtained especially as this was the first integrated indoor ski and snow park in China. As there were concerns of potential regulatory barriers and that legislation in China can change at short notice, the Group took a cautious approach and classified the land as property, plant and equipment (measured at cost), instead of investment property (measured at fair value) as at 31 March 2018. When there is certainty that all the relevant development permits can be obtained and construction is able to commence as planned, the property will be reclassified to investment property and measure at fair value in accordance with the Group's accounting policy.

In arriving at the above accounting treatment, the Group had considered the regulatory approvals to have a substantial impact on Joint Venture's ability to develop the land for lease, especially as the planned leasing was not at the land's undeveloped state. Additionally, the Group had also considered that it may not be prudent to record fair value gains on the land until there is certainty in obtaining the relevant development permits as management could be criticised subsequently for adopting an aggressive accounting treatment that results in the recognition of fair value gains, if the permits were not obtained.

In the first quarter of the FY2019 results announcement, the Group reclassified the property as investment property, measured at fair value, upon the Group obtaining the relevant development permits. The reclassification and revaluation were also recorded in the Group's original FY2019 financial statements and all the relevant development permits were received during that year.

Subsequently, the Group's original financial statements for the financial year ended 31 March 2019 were reviewed by the ACRA Financial Reporting Surveillance team who enquired on the classification of the property held by the Joint Venture. Based on the documentation submitted by the Group, ACRA is of the view that the property should be classified as investment property for the financial year ended 31 March 2018 as it is the intention of the parties to develop the property for lease and there was no explicit rejection by the Chinese authorities in relation to the application of the permits. Consequently, the property is to be carried at fair value, with fair value gains recorded in the statement of profit or loss, for the financial year ended 31 March 2018.

Subsequent to the discussions with ACRA, the Group had revisited their previous assessment and noted that at that material time, the Joint Venture's efforts were directed at obtaining the relevant key permits which were eventually obtained. In view of the circumstances and development, the Group had re-assessed that in making their judgement on this matter in FY2018, they should have balanced the use of prudence with higher neutrality when applying the accounting standards. The Group is thus making a voluntary revision to the financial statements for the financial year ended 31 March 2018 and 31 March 2019 to record the uplift in the investment in joint venture in FY2018. As disclosed above, the uplift was previously recorded in the Group's original FY2019 financial statements.

2. Summary of significant accounting policies (cont'd)

2.1 *Basis of preparation (cont'd)*

The main aspects of the revision are the increase in share of results from the investment in a joint venture and the carrying value of the joint venture that arose from the revaluation gains of the property and are summarised as follows. There is no impact to the cash flows for the year.

	2018 Original $'000	Adjustments $'000	2018 Revised $'000
Consolidated statement of profit or loss and other comprehensive income			
Share of results of investment in a joint venture	(3,319)	39,578	36,259
Income tax expense	(964)	(2,017)	(2,981)
(Loss)/profit after tax	(8,046)	37,561	29,515
Balance Sheet – Group			
Investment in a joint venture	59,392	40,330	99,722
Deferred tax liabilities	2,716	2,017	4,733
Foreign currency translation reserves	1,855	752	2,607
Retained earnings	18,161	37,561	55,722
Consolidated cash flow statement			
(Loss)/profit before tax	(7,082)	39,578	32,496
Share of results of investment in joint venture	(3,319)	39,578	36,259

<u>Going concern assumption</u>

The Group has negative cash flows from operating activities of $11,030,000 (2017: $17,920,000) for the financial year ended 31 March 2018. In addition, the Group has capital commitments for development of existing properties as disclosed in Note 33. Notwithstanding the above, the directors are of the view that at the date of original financial statements (7 August 2018) it is appropriate to prepare these financial statements on a going concern basis due to the following factors:

- The Group has an outstanding loan due to a shareholder amounting to $37,000,000 as at 31 March 2018 (Note 27). Subsequent to year end, the Group has secured from the shareholder an extension of the repayment term for another year from 9 November 2018 to 9 November 2019.

- On 31 May 2018, the Group entered into a loan deed with the individual to formalise and clarify terms governing a US$3,000,000 loan (Note 26). The loan deed provides the individual an option to convert the loan into shares of a subsidiary of the Group any time till the maturity date by providing a notice in writing specifying its intention to convert the loan to the subsidiary's shares, based on a conversion formula. On 10 July 2018, the individual has served his notice of conversion to the Group.

2. Summary of significant accounting policies (cont'd)

2.1 *Basis of preparation (cont'd)*

Going concern assumption (cont'd)

- The directors are confident that the Group will be able to generate sufficient cash flows from operating activities in the next 12 months from the date of the original financial statements on 7 August 2018.

- The directors are confident that the associate will repay the loan amount due to the Group of $6,127,000 (Note 20) and distribute dividends to the Group pursuant to the sale and purchase agreement entered into between the associate and a buyer in July 2018 to dispose its remaining properties.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 April 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than impact on the adoption of the SFRS(I) 15 and SFRS(I) 9 that are effective on 1 April 2018, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statement in the year of initial application. The Group expects that the impact of adopting SFRS(I) 15 and SFRS(I) 9 that are effective on 1 April 2018 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for the annual financial periods beginning on or after 1 April 2017, including the Amendments to FRS 7 *Disclosure Initiative.* The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Improvements to FRSs (March 2018)	
- Amendments to FRS 103 *Business Combinations*	1 January 2019
- Amendments to FRS 111 *Joint Arrangements*	1 January 2019
- Amendments to FRS 12 *Income Taxes*	1 January 2019
- Amendments to FRS 23 *Borrowing Costs*	1 January 2019
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 April 2018. Upon adoption of SFRS(I) on 1 April 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

The directors have performed a preliminary assessment of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below. Other than SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application.

<u>SFRS(I) 15 *Revenue from Contracts with Customers*</u>

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SFRS(I) 15, 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 is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of adopting SFRS(I) 15 based on currently available information. This assessment may be subjected to changes arising from a more detailed ongoing analysis. The Group is engaged in development of properties and has assessed that for its significant developments, performance obligations for the sale of pre-completion and completed units will be satisfied at a point in time rather than over time.

Based on the preliminary assessment, the Group does not expect that the adoption of SFRS(I) 15 will have a material impact to the Group operations in 2019.

2. Summary of significant accounting policies (cont'd)

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

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Based on the preliminary assessment, the Group does not expect that the adoption of SFRS(I) 9 will have a material impact to the Group operations in 2019.

SFRS(I) 16 *Leases*

SFRS(I) 16 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 Group has performed a preliminary impact assessment of the adoption of SFRS(I) 16 and expects that the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation and gearing ratio.

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 subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries 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.

Subsidiaries 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;

2. Summary of significant accounting policies (cont'd)

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

(a) *Basis of consolidation (cont'd)*

- 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 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.

2. Summary of significant accounting policies (cont'd)

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

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

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 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 *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 subsidiaries 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 SGD 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)

2.6 *Foreign currency (cont'd)*

(b) *Consolidated financial statements (cont'd)*

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land and buildings	-	26 – 50 years
Computers	-	1 – 4 years
Furniture and fittings	-	5 years
Motor vehicles	-	5 years
Boats	-	5 years
Office equipment	-	1 – 5 years
Hotel and resort equipment	-	3 – 5 years
Renovation	-	5 years
Machinery and factory equipment	-	2 – 7 years

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

The 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 de-recognised 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 de-recognised.

2. Summary of significant accounting policies (cont'd)

2.8 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 *Intangible assets*

Intangible assets acquired separately

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 useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives except those classified as other intangible assets are amortised over the estimated useful lives 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.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. Summary of significant accounting policies (cont'd)

2.9 *Intangible assets (cont'd)*

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives as follows:

Website cost	-	3 years

Intangible assets relating to film rights

These represent license cost of film rights incurred and cost incurred on content production. The amounts are recognised as intangible assets only if all the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- It is probable that the asset created will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The development cost of the asset can be measured reliably.

Intangible assets are amortised to profit or loss from the title release date on the basis consistent with industry practice over the period of its expected benefits unless the film right is solid to other licensees during the period.

Intangible assets have useful lives as follows:

License cost	-	1 to 4 years
Content production	-	1 to 4 years

Subsequent to initial recognition intangible assets are reported at cost less accumulated amortisation and accumulated impairment. The recoverable amount of intangible assets which have indefinite useful lives is reviewed on annual basis.

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 asset and are recognised in profit or loss when the asset is de-recognised.

2. Summary of significant accounting policies (cont'd)

2.10 *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 such 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.

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 increased amount 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.

2.11 *Subsidiaries*

A subsidiary 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 subsidiaries are accounted for at cost less any impairment losses.

2.12 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

<u>Joint ventures</u>

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.13.

2. Summary of significant accounting policies (cont'd)

2.13 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate and joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates and joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains or losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate or joint venture used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company. In any case, the difference between the end of the reporting period of the associate or joint venture and that of the investor shall be no more than three months. The length of the reporting periods and any difference between the ends of the reporting periods shall be the same from period to period.

2. Summary of significant accounting policies (cont'd)

2.14 *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:

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 de-recognised or impaired, and through the amortisation process.

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

De-recognition

A financial asset is de-recognised 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.

2. Summary of significant accounting policies (cont'd)

2.14 *Financial instruments (cont'd)*

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

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 de-recognised, 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.

2.15 *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 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.

2. Summary of significant accounting policies (cont'd)

2.15 *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 value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.16 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value. Costs comprise cost of land, design fee, infrastructure and construction and related interest and are assigned by using specific identification. Included in the development properties are completed properties and properties under construction which are held for sale in the ordinary course of business.

Net realisable value of the development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2. Summary of significant accounting policies (cont'd)

2.18 *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 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.

2.19 *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.

2.20 *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.

2.21 *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 grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2. Summary of significant accounting policies (cont'd)

2.22 *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. Contributions to national pension schemes and defined contribution plans are recognised as an expense in the period in which the related service is performed.

(b) *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.

2.23 *Leases*

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are 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 assets are 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.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24 (g).

2. Summary of significant accounting policies (cont'd)

2.24 ***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) ***Hotel, resort and cafe operations***

Revenue from hotel, resort and cafe operations mainly comprises room revenue, food and beverage sales and spa activities, and represents the invoiced value of services rendered after deducting discounts. Revenue is recognised when the services are rendered.

(b) ***Revenue from sale of development properties***

For overseas properties, revenue and cost on development properties that have been sold are recognised using the completed-contract method. Under the completed-contract method, revenue and cost on development properties that have been sold are recognised when the construction of the development properties is completed and the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or the transfer of an equitable interest in a property.

(c) ***Management, coordination and establishment fee income***

Management fee from real estate origination, coordination services and establishment fee are recognised when the services are rendered.

(d) ***Commission income***

Commission income is recognised when the services are rendered.

(e) ***Content production***

Revenue and minimum guarantee payments from the production, sale and exploitation of film productions are recognised only after conditions contained in the relevant contracts are fully satisfied, films are delivered and the amount of revenue can be measured reliably.

(f) ***Sale of goods and assignment of distribution rights***

Revenue from the sale of goods and assignment of distribution rights is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods or distribution rights;

- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods or distribution rights sold;

- The amount of revenue can be measured reliably;

2. Summary of significant accounting policies (cont'd)

2.24 *Revenue (cont'd)*

(f) ***Sale of goods and assignment of distribution rights (cont'd)***

- It is probable that the economic benefits associated with the transaction will flow to the entity; and

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(g) ***Rental income***

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(h) ***Interest income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.25 *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

2. Summary of significant accounting policies (cont'd)

2.25 *Taxes (cont'd)*

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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group 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 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.25 *Taxes (cont'd)*

(c) ***Sales tax***

Revenue, 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.

2.26 *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.

2.27 *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 judgments and estimates

The preparation of the Group's revised 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.

3.1 Judgements made in applying accounting policies

In the process of applying policies, management has made significant judgements on the appropriateness of preparing the revised consolidated financial statements on a going concern basis and on the classification of the property held by a joint venture as investment property or property, plant and equipment as disclosed in Note 2.1.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

Net realisable value of development properties and impairment of property, plant and equipment

As at 31 March 2018, the Group has significant balances relating to properties in Bali and Batam, Indonesia, which comprise properties under development amounting to $24,306,000 and leasehold land and buildings amounting to $31,588,000 classified under property, plant and equipment. To support the carrying value of these assets, the Group engaged an external professional valuer to determine both the net realisable value of the development properties and the recoverable amount of the leasehold land and buildings. The key assumptions applied are discount rate, average room rates, occupancy rates, growth rate and selling price per square metre.

With regards to the net realisable value of development properties and recoverable amount of property, plant and equipment, management believes that no reasonably possible changes in any of the above assumptions would result in a material write-down in the carrying amounts.

The carrying amount of the property, plant and equipment and development properties are disclosed in Note 10 and Note 18 to the financial statements respectively.

Recoverability of receivables

The policy for allowances for doubtful receivables of the Company and Group is based on the evaluation of collectability and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including current creditworthiness, the past history of each customer and ongoing dealings with these parties. If the financial conditions of these counterparties were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

Recoverability of receivables (cont'd)

In particular, the Group has a loan receivable from its associate, Epic Land Pte. Ltd. ("Epic Land") amounting to $6,127,000 (Note 20) as at 31 March 2018. The recoverability of this loan is dependent on the completion of the sale of properties by Epic Land. In addition, the Group has an accrued income from services rendered to a joint venture company amounting to $2,097,000 as at 31 March 2018 (Note 20). The recoverability of the accrued income is dependent on the joint venture obtaining certain development permits from the China authorities.

With respect to the loan receivable from Epic Land, management performed an assessment on the recoverability of the loan receivable with reference to the terms of the sale and purchase agreement for the sales of properties by Epic Land, the expected timing of the loan repayment from Epic Land based on previous completed sales of properties by Epic Land and historical loan repayment from Epic Land. The Group assessed that the loan receivable will be recoverable and no allowance for doubtful receivables will be required.

With respect to the accrued income, management performed an assessment on the recoverability of the accrued income with reference to the service agreement with the joint venture, the permit application process in China and the application status update from the project team. The Group assessed that the accrued income will be recoverable and no allowance for doubtful receivables will be required.

Revaluation of investment property held by joint venture

The Group's joint venture has an investment property which is carried at fair value, with changes in fair value being recognised in profit or loss (Note 15). The Group engaged external professional valuer to determine the fair value for its investment property using recognised valuation techniques. The key assumptions applied are selling price per square metre and gross development cost per square metre.

The carrying amount of the investment in joint venture as at 31 March 2018 is $99,722,000 (31 March 2017: $Nil).

4. Revenue

	Group	
	2018	**2017**
	$'000	$'000
Management, coordination and establishment fee	11,054	725
Hotel, resort and cafe operations	13,580	11,354
Sale of development properties	1,659	3,362
Sale of goods	–	2
Assignment of distribution rights	5	387
Content production	–	22
Rental income	407	298
	26,705	16,150

5. Other operating income

	Group 2018 $'000	Group 2017 $'000
Commission income from associates	–	281
Commission income from related company	–	948
Net foreign exchange gains	45	365
Fair value gain on investment property	–	340
Government grants received	5	323
Interest income from third parties	18	8
Interest income from an associate	125	921
Interest income from notes receivable	895	960
Bad debts recovered	650	1,580
Gain on disposal of non-current assets held for sale	–	8,801
Gain on disposal of subsidiary	23	–
Gain on strike-off of subsidiaries	146	–
Gain on disposal of property, plant and equipment	455	–
Other income	962	447
	3,324	14,974

Included in other income are recovery of penalties of $612,000 (2017: $Nil) previously paid to the Indonesian tax authority.

6. Finance costs

	Group 2018 $'000	Group 2017 $'000
Interest expense:		
- Bank overdrafts	136	365
- Revolving credit facility	62	178
- Bank loans	1,288	1,389
- Loan from a shareholder	1,178	–
- Others	839	11
	3,503	1,943
Less: Amount capitalised in development properties	(30)	(123)
Less: Amount capitalised in property, plant and equipment	–	(855)
	3,473	965

Included in other interest expense include an amount of $823,000 (2017: $Nil) charged by joint venture partners for late capital injection into a joint venture investment.

7. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	Group	
	Revised 2018	**2017**
	$'000	$'000
Consolidated statement of profit or loss and other comprehensive income		
Income taxes		
- Current income taxation	967	432
- Overprovision in prior years	(20)	(14)
Deferred tax	2,034	1,476
	2,981	1,894

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2018 and 2017 is as follows:

	Group	
	Revised 2018	**2017**
	$'000	$'000
Profit before tax	32,496	4,108
Tax at 17% (2017: 17%)	5,524	698
Adjustments:		
Non-deductible expenses	1,349	1,548
Income not subjected to tax	(1,592)	(1,546)
Effect of partial tax exemption and tax relief	(26)	–
Utilisation of previously unrecognised tax losses	(175)	–
Deferred tax assets not recognised	1,446	999
Tax losses not available to be carried forward	52	318
Overprovision of tax in prior years	(20)	(14)
Different tax rates of subsidiaries operating in other jurisdictions	1,881	213
Tax effect on share of results from investments in associates	11	(322)
Tax effect on share of results from investment in a joint venture	(6,164)	–
Others	695	–
	2,981	1,894

7. Income tax expense (cont'd)

At the end of the reporting period, the Group has unutilised tax losses, capital allowances and approved donations of $30,170,000 (2017: $35,730,000), $3,000 (2017: $3,000) and $388,000 (2017: $388,000) respectively, 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. The tax losses and capital allowances have no expiry date except for an amount of $6,511,000 (2017: $10,025,000) which will expire in 2019 – 2023 (2017: 2018 – 2022). The donations of $388,000 (2017: $388,000) will expire in 2020 – 2023 (2017: 2020 – 2021).

8. Profit after tax

Profit after tax has been arrived at after charging/(crediting):

	Group	
	2018	**2017**
	$'000	$'000
Directors' remuneration:		
- of the Company	1,357	1,582
- of the subsidiaries	774	487
	2,131	2,069
Directors' fees	177	120
Employee benefits expense (including directors' remuneration)	5,320	5,710
Defined contribution plans (included in employee benefits expense)	330	384
Audit fees:		
- paid to auditors of the Company	239	203
- paid to other auditors	56	65
Non-audit fees paid to auditors of the Company	–	18
Allowance for doubtful receivables, net	112	343
Depreciation of property, plant and equipment	3,251	3,352
Amortisation of intangible assets	7	59
Rental expenses	398	395
Impairment of prepaid film rights	–	87
Impairment of intangible assets	–	60
Cost of inventories recognised as expenses	3,317	3,525
Cost of development properties recognised as expenses	704	1,823
(Gain)/Loss on disposal of property, plant and equipment	(455)	28
Property, plant and equipment written off	3	117
Bad debts written off	30	–

9. Earnings per share

Basic earnings per share are calculated by dividing profit, net of tax, that is 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, net of tax that is 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 Company has no dilutive potential ordinary shares.

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

	Group	
	2018	**2017**
	$'000	$'000
Profit attributable to equity holders of the Company ($'000)	29,778	1,194
Weighted average number of ordinary shares for basic and diluted earnings per share (no. of shares)	984,990,584	886,369,771
Basic and diluted earnings per share (cents per share)	3.02	0.13

10. Property, plant and equipment

	Leasehold land and buildings $'000	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Boats $'000	Office equipment $'000	Hotel and resort equipment $'000	Renovation $'000	Machinery and factory equipment $'000	Assets under con-struction $'000	Total $'000
Group											
Cost											
At 1 April 2016	54,251	1,237	2,468	1,274	60	202	1,196	900	7	6,475	68,070
Additions during the year	–	112	38	24	–	–	87	383	3	3,164	3,811
Disposals during the year	–	(5)	(15)	(107)	–	–	–	(442)	–	(1,008)	(1,577)
Write-offs	–	–	–	–	–	–	–	(176)	–	–	(176)
Reclassification to investment property	(1,267)	–	–	–	–	–	–	–	–	–	(1,267)
Transfer from assets under construction	–	–	–	–	–	–	2,487	–	–	(2,487)	–
Exchange differences	929	20	77	(2)	–	–	14	(5)	–	254	1,287
At 31 March 2017	53,913	1,364	2,568	1,189	60	202	3,784	660	10	6,398	70,148
Additions during the year	20	118	151	451	–	50	302	444	6	1,136	2,678
Disposals during the year	–	(19)	(6)	(441)	–	–	(29)	–	–	–	(495)
Disposal of subsidiary	(15,617)	–	–	–	–	(26)	–	(452)	–	–	(16,095)
Write-offs	–	–	(4)	–	–	–	–	–	–	–	(4)
Transfer from assets under construction	–	–	–	–	–	–	545	–	–	(545)	–
Exchange differences	(2,111)	(37)	(137)	1	–	(1)	(25)	5	(1)	(612)	(2,918)
At 31 March 2018	36,205	1,426	2,572	1,200	60	225	4,577	657	15	6,377	53,314

10. Property, plant and equipment (cont'd)

	Leasehold land and buildings $'000	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Boats $'000	Office equipment $'000	Hotel and resort equipment $'000	Renovation $'000	Machinery and factory equipment $'000	Assets under con-struction $'000	Total $'000
Group											
Accumulated depreciation											
At 1 April 2016	3,454	653	1,309	816	60	202	813	476	1	–	7,784
Depeciation charge during the year	1,441	233	497	217	–	–	762	199	3	–	3,352
Disposals during the year	–	(5)	(8)	(20)	–	–	(408)	–	–	–	(441)
Write-offs	–	–	–	–	–	–	–	(59)	–	–	(59)
Exchange differences	14	7	46	–	–	–	20	(2)	–	–	85
At 31 March 2017	4,909	888	1,844	1,013	60	202	1,187	614	4	–	10,721
Depreciation charge during the year	1,215	189	491	194	–	23	1,040	95	4	–	3,251
Disposals during the year	–	(19)	(2)	(431)	–	–	(6)	–	–	–	(458)
Disposal of subsidiary	(1,436)	–	–	–	–	(26)	–	(113)	–	–	(1,575)
Write-offs	–	–	(1)	–	–	–	–	–	–	–	(1)
Exchange differences	(71)	(19)	(117)	(1)	–	(2)	(87)	2	–	–	(295)
At 31 March 2018	4,617	1,039	2,215	775	60	197	2,134	598	8	–	11,643
Net carrying amount											
At 31 March 2018	31,588	387	357	425	–	28	2,443	59	7	6,377	41,671
At 31 March 2017	49,004	476	724	176	–	–	2,597	46	6	6,398	59,427

10. Property, plant and equipment (cont'd)

Company	**Computers** $'000
Cost	
At 1 April 2016, 31 March 2017	2
Additions during the year	3
At 31 March 2018	5
Accumulated depreciation	
At 1 April 2016	*
Depreciation charge during the year	2
At 31 March 2017	2
Depreciation charge during the year	*
At 31 March 2018	2
Net carrying amounts	
At 31 March 2018	3
At 31 March 2017	–

* Amount is less than one thousand.

<u>Assets pledged as security</u>

The Group has pledged its leasehold land and buildings and assets under construction with a total carrying amount of $37,965,000 (2017: $55,402,000) to secure the bank overdrafts, borrowings and banking facilities as disclosed in Note 23 to the financial statements.

<u>Assets held under finance leases</u>

As at the end of the reporting period, the carrying amount of motor vehicles held under finance leases is $310,000 (2017: $33,000).

11. Investment properties

	Group	
	2018	**2017**
	$'000	$'000
<u>At fair value</u>		
Balance at beginning of the year	11,306	9,699
Reclassification from property, plant and equipment	–	1,267
Fair value gain credited to profit or loss	–	340
Disposal of subsidiary	(11,306)	–
Balance at end of the year	–	11,306

Details of the Group's investment property as at 31 March 2017 are as follows:

Location	**Description**	**Gross Area (Sq. Feet)**
Investment property located at 25 Tai Seng Avenue, KOP Building #02-01, #03-02, #03-03, #04-01, #04-02 and #05-01, Singapore 534104	Commercial	27,000

Valuation of investment property

Investment property was stated at fair value, which was determined based on valuations performed as at balance sheet date. The valuation was performed by Savills Valuation And Professional Services (S) Pte Ltd, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The valuation was arrived using Comparable Sales Method and Income Capitalisation Method based on assumption that investment property has a tenure of 30 years with effect from 25 December 2007 with an entitlement to a further term of 29 years. In estimating the fair value of the investment property, the highest and best use of the property is their current use.

11. Investment properties (cont'd)

The following table shows the significant unobservable inputs used in the valuation models for the investment property for the financial year ended 31 March 2017:

Valuation technique	Significant unobservable input(s)	Commercial
Comparable sales method	Comparable price (Price per square metre) (1)	$4,561
Income capitalisation method	Capitalisation rate (2)	6.0%

(1) Any significant isolated increase/(decrease) in these inputs would result in a significantly higher/(lower) fair value measurement.

(2) Any significant isolated increase/(decrease) in these inputs would result in a significantly lower/(higher) fair value measurement.

The property rental income from the Group's investment property all of which are leased out under operating leases, amounted to $407,000 (2017: $298,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $155,000 (2017: $235,000).

On 29 December 2017, the Group completed a sale and purchase agreement to dispose its interest in a wholly-owned subsidiary, Scorpio East Properties Pte. Ltd.. Further details in relation to the disposal are disclosed in Note 13(d). The above investment property was disposed along with the disposal of the subsidiary.

12. Intangible assets

	Website cost $'000	License cost $'000	Content production $'000	Total $'000
Group				
Cost				
At 1 April 2016	3	528	149	680
Write-offs	(3)	–	–	(3)
At 31 March 2017 and 31 March 2018	–	528	149	677
Accumulated amortisation				
At 1 April 2016	3	315	70	388
Write-offs	(3)	–	–	(3)
Amortisation	–	55	4	59
At 31 March 2017	–	370	74	444
Amortisation	–	7	–	7
At 31 March 2018	–	377	74	451
Accumulated impairment				
At 1 April 2016	–	91	75	166
Impairment for the year	–	60	–	60
At 31 March 2017 and 31 March 2018	–	151	75	226
Net carrying amount				
At 31 March 2018	–	–	–	–
At 31 March 2017	–	7	–	7

The amortisation expense amounting to $7,000 (2017: $59,000) has been included in the line item "cost of sales" in the consolidated statement of profit or loss and other comprehensive income. The expected useful life of the intangible assets ranges between one to four years.

In 2017, impairment loss amounting to $60,000 for license cost has been made for film rights for which management has assessed to be non-recoverable after taking into consideration the market conditions including demand for such film/movie and/or box office results of the movie in other countries.

13. Investments in subsidiaries

	Company	
	2018	**2017**
	$'000	$'000
Unquoted shares, at cost	250,744	253,944
Less: Allowance for impairment	(105,844)	(106,544)
Carrying amount of investments in subsidiaries	144,900	147,400

Movements in the allowance for impairment for investments in subsidiaries are as follows:

	Company	
	2018	**2017**
	$'000	$'000
Balance at beginning of the year	106,544	101,457
Charged to profit or loss	–	5,163
Write-offs	(700)	(76)
Balance at end of the year	105,844	106,544

In 2017 and 2018, the write-offs were related to the strike-off of subsidiaries.

(a) Composition of the Group

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	**Principal activity/ Place of incorporation**	**Effective equity held by the Group 2018** %	**2017** %
Scorpio East Entertainment Pte. Ltd. (1)	Dormant/ Singapore	100	100
Scorpio East Multimedia Pte. Ltd. (7)	Dormant/ Singapore	–	100
Scorpio East Pictures Pte. Ltd. (1)	Dormant/ Singapore	100	100

13. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	Principal activity/ Place of incorporation	Effective equity held by the Group 2018 %	2017 %
Scorpio East Pictures (H.K.) Limited [7]	Dormant/ Hong Kong	–	100
Scorpio East Productions Pte. Ltd. [1]	Dormant/ Singapore	52.63	52.63
Scorpio East Properties Pte. Ltd. [7]	Real estate activities/ Singapore	–	100
Dalvey Breeze Pte. Ltd. (formerly known as KOP Entertainment Pte. Ltd.) [1]	Investment holding/ Singapore	100	100
KOP Properties Pte. Ltd. [1]	Investment holding/ Singapore	100	100
Subsidiaries held by KOP Properties Pte. Ltd.			
Montigo Nongsa Pte. Ltd. [1]	Real estate activities with own or leased property and business and management consultancy services/ Singapore	100	100
P.T. Teguh Cipta Pratama [2]	Development and provision of resort services/ Indonesia	100	100
KOP Properties Ltd [7]	Letting and operation of owned or leased real estate/ United Kingdom	–	100
Montigo Resorts Pte. Ltd. (formerly known as KOP Hospitality Pte. Ltd.) [1]	Management of hotels with restaurants/ Singapore	100	100
The Cranley Hotel (IOM) Limited [2] [6]	Property holding/ Isle of Man	85	85

13. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	Principal activity/ Place of incorporation	Effective equity held by the Group 2018 %	2017 %
Gramercy Properties Pte. Ltd. (1)	Real estate development/ Singapore	100	100
KOP Properties (HK) Limited (2) (5)	Property management and consultancy/ Hong Kong	51	51
KOP Cecil Pte. Ltd. (1)	Investment holding/ Singapore	100	100
KOP Properties Shanghai Operation and Management Pte. Ltd. (1)	Real estate operation and management services/ Singapore	100	100
Wintastar Holdings Pte. Ltd. (1)	Investment holding and business management consultancy services/ Singapore	100	100
Subsidiary held by Gramercy Properties Pte. Ltd.			
P.T. Montigo Seminyak (2)	Development and provision of hotel services/ Indonesia	100	100
Subsidiary held by KOP Properties (HK) Limited			
KOP Management Services (Shanghai) Co., Ltd. (2) (5)	Property management and consultancy/ People's Republic of China	51	51
Subsidiaries held by Montigo Resorts Pte. Ltd.			
Franklyn Hotels & Resorts (Europe) Limited (2)	Dormant/ United Kingdom	100	100
Montigo Resorts Kazakhstan Pte. Ltd. (1) (9)	Investment holding/ Singapore	50	50
Cafe Montigo Pte. Ltd. (1) (4)	Cafes and coffee houses/ Singapore	60	–

13. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	Principal activity/ Place of incorporation	Effective equity held by the Group 2018 %	Effective equity held by the Group 2017 %
Subsidiaries held by The Cranley Hotel (IOM) Limited			
CHL Hotel Limited (formerly known as Cranley Hotel Limited) (2) (6)	Provision of hotel services/ United Kingdom	85	85
Cranley Real Estate Limited (2) (6)	Dormant/ United Kingdom	85	85
Subsidiaries held by KOP Properties Shanghai Operation and Management Pte. Ltd.			
Wintastar Concepts Pte. Ltd. (formerly known as KOP Winterland Pte. Ltd.) (1) (3) (8)	Investment holding and operation and management services for real estate development/ Singapore	–	85
KOP Properties Operation and Management (Shanghai) Co., Ltd. (2)	Business management and consultancy/ People's Republic of China	100	100
Subsidiaries held by Wintastar Holdings Pte. Ltd.			
Wintastar Real Estate Pte. Ltd. (1)	Investment holding and real estate activities/ Singapore	100	100
Wintastar Operations Pte. Ltd. (1) (4)	Investment holding and business management consultancy services/ Singapore	100	–
Wintastar Concepts Pte. Ltd. (formerly known as KOP Winterland Pte. Ltd.) (1) (3) (8)	Investment holding and operation and management services for real estate development/ Singapore	85	–
Subsidiary held by Wintastar Real Estate Pte. Ltd.			
KOP Northern Lights Pte. Ltd. (1)	Investment holding and real estate development/ Singapore	100	100

13. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	**Principal activity/ Place of incorporation**	**Effective equity held by the Group 2018** %	**2017** %
Subsidiary held by Wintastar Operations Pte. Ltd.			
WS Shanghai Operations Pte. Ltd. [(1) (4)]	Investment holding and business management consultancy services/ Singapore	100	–
Subsidiary held by Wintastar Concepts Pte. Ltd. (formerly known as KOP Winterland Pte. Ltd.)			
KOP Winterland Operation and Management (Shanghai) Co., Ltd. [(2) (8)]	Investment management and consultancy/ People's Republic of China	85	85
Subsidiary held by Montigo Resorts Kazakhstan Pte. Ltd.			
Montigo Resorts Kazakhstan Limited Liability Partnership (4) (10)	Dormant/ Republic of Kazakhstan	50	–

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by other auditors.
(3) Transferred during the financial year ended 31 March 2018.
(4) Incorporated during the financial year ended 31 March 2018.
(5) Collectively known as "KOP HK Group".
(6) Collectively known as "Cranley Group".
(7) Struck off/disposed during the financial year ended 31 March 2018.
(8) Collectively known as "Wintastar Concepts Group".
(9) This subsidiary is inactive and the Group has control over this subsidiary as it has full board representation in this subsidiary to make decision over its relevant activities.
(10) Not audited as the subsidiary has been dormant since incorporation.

13. Investments in subsidiaries (cont'd)

(b) Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	**Principal place of business**	**Proportion of ownership interests held by NCI**		**Profit/(Loss) allocated to NCI during the reporting period**		**Accumulated NCI at the end of the reporting period**	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**
		%	%	$'000	$'000	$'000	$'000
Cranley Group	United Kingdom	15.00	15.00	(24)	900	2,127	2,107
KOP HK Group	Hong Kong & People's Republic of China	49.00	49.00	28	(78)	(2,284)	(2,435)
Scorpio East Productions Pte. Ltd.	Singapore	47.37	47.37	12	341	8	(4)
Wintastar Concepts Group	Singapore & People's Republic of China	15.00	15.00	(205)	(134)	(348)	(149)
Individual subsidiaries with immaterial non-controlling interests				(74)	(9)	(46)	(13)
				(263)	1,020	(543)	(494)

13. Investments in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information before intercompany elimination of subsidiaries with material non-controlling interests are as follows:

Name	**Cranley Group**		**KOP HK Group**		**Scorpio East Production Pte. Ltd.**		**Wintastar Concepts Group**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Summary of balance sheet								
Current								
Assets	15,894	15,741	235	231	23	45	132	323
Liabilities	(253)	(308)	(4,954)	(5,250)	(5)	(53)	(2,451)	(1,316)
Net current assets/(liabilities)	15,641	15,433	(4,719)	(5,019)	18	(8)	(2,319)	(993)
Non-current								
Assets	–	–	58	50	–	–	2	1
Liabilities	(1,462)	(1,389)	–	–	–	–	–	–
Net non-current assets/(liabilities)	(1,462)	(1,389)	58	50	–	–	2	1
Net assets/(liabilities)	14,179	14,044	(4,661)	(4,969)	18	(8)	(2,317)	(992)
Summarised statement of profit or loss and other comprehensive income								
Revenue	–	20	–	–	–	–	–	–
Profit/(Loss) after tax	(162)	6,002	57	(159)	26	722	(1,368)	(890)
Other comprehensive income	297	(184)	251	(113)	–	–	43	(44)
Total comprehensive income	135	5,818	308	(272)	26	722	(1,325)	(934)
Other summarised information								
Net cash flows from operations	(9)	(1,408)	1	(89)	8	731	(879)	(793)
Net cash flows from investing	–	16,734	–	87	–	(732)	(1)	(2)
Net cash flows from financing	–	(15,575)	–	(2)	–	(1)	928	797

13. Investments in subsidiaries (cont'd)

(d) Loss of control in a subsidiary

On 29 December 2017, the Group completed a sale and purchase agreement to dispose the entire issued and paid-up share capital and property of its wholly-owned subsidiary, Scorpio East Properties Pte. Ltd. for a consideration of S$2,875,000, excluding completion adjustment amount. The purchase consideration was fully settled in cash. The disposal was completed on 29 December 2017, on which date control of Scorpio East Properties Pte. Ltd. passed to the acquirer.

The value of assets and liabilities of Scorpio East Properties Pte. Ltd. recorded in the consolidated financial statements as at 29 December 2017, and the effects of the disposal were:

	2018 $'000
Property, plant and equipment	14,520
Investment properties	11,306
Trade and other receivables	16
Other current assets	22
Cash and cash equivalents	794
	26,658
Trade and other payables	(813)
Bank borrowings (secured)	(23,000)
Carrying value of the net assets	2,845
Consideration	2,875
Add: Completion adjustment amount	794
Total consideration received	3,669
Less: Cash and cash equivalents of subsidiary disposed	(794)
Less: Transaction costs	(7)
Net cash inflow on disposal of a subsidiary	2,868
Gain on disposal:	
Net cash inflow on disposal of a subsidiary	2,868
Net assets de-recognised	(2,845)
Gain on disposal	23

14. Investments in associates

	Group	
	2018	**2017**
	$'000	$'000
Cost of investments [1]	600	600
Share of post-acquisition profit and losses, net of dividend received	8,069	8,135
	8,669	8,735

Details of the Group's associates at the end of the reporting period are as follows:

Name	**Principal activity**	**Place of incorporation**	**Proportion of ownership interest**	
			2018	**2017**
			%	%
Art Heritage Singapore Pte. Ltd. [3]	Art and cultural exhibitions	Singapore	20	20
Epic Land Pte. Ltd. [2] ("Epic Land")	Investment holding company	Singapore	25	25

(1) Includes an investment in an associate, Epic Land of $25.
(2) Audited by Ernst & Young LLP, Singapore.
(3) Under liquidation during the year.

The Group has recognised its share of losses in Art Heritage Singapore Pte. Ltd. amounting to $600,000 (2017: $600,000).

The Group has not recognised losses relating to Art Heritage Singapore Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $2,191,000 (2017: $2,191,000). There was no (2017: $343,000) share of losses in this associate for the year. The Group has no obligation in respect of these losses.

14. Investments in associates (cont'd)

Summarised financial information in respect of the Group's material associates is based on its FRSs financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Epic Land	
	2018	**2017**
	$'000	$'000
Current assets	149,595	182,304
Current liabilities	(33,118)	(147,363)
Non-current liabilities	(81,800)	–
Revenue	18,950	36,014
(Loss)/Profit for the year, representing total comprehensive income for the year	(264)	7,585

Reconciliation of the above summarised financial information to the carrying amount of the interest in Epic Land Pte. Ltd. recognised in the consolidated financial statements are as follows:

	2018	**2017**
	$'000	$'000
Net assets of Epic Land	34,677	34,941
Proportion of the Group's ownership interest in Epic Land	25%	25%
Carrying amount of the Group's interest in Epic Land	8,669	8,735

15. Investment in a joint venture

In June 2017, the Group's indirect wholly-owned subsidiary, KOP Northern Lights Pte. Ltd. has incorporated a joint venture company, Shanghai Snow Star Properties Co., Ltd. ("Snow Star") in Shanghai, People's Republic of China. The Group has 30% interest in the ownership and voting rights in Snow Star. The Group jointly controls the venture with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Summarised financial information in respect of Snow Star based on its FRSs financial statements, and the reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet	**2018** $'000
Current assets	11,933
Includes:	
- Cash and bank balances	11,253
Current liabilities	7,674
Includes:	
- Financial liabilities (excluding trade and other payables)	–
- Other current liabilities (including trade and other payables)	7,674
Non-current assets	383,811[(1)]
Non-current liabilities	44,811
Net assets	343,259
Proportion of the Group's ownership	30%
Group's share of net assets	102,978
Consolidation adjustment arising from transaction with a joint venture	(3,256)
Carrying amount of the investment in a joint venture	99,722

Summarised statement of profit or loss and other comprehensive income	**2018** $'000
Revenue	–
Interest income	–
Fair value gain on investment property [(1)]	175,900
Expenses	(210)
Includes:	
- Depreciation and amortisation	–
- Finance costs	(178)
Profit before tax	175,690
Income tax expenses	(43,975)
Profit after tax	131,715

(1) Refer to subnote in the next page.

15. Investment in a joint venture (cont'd)

Summarised statement of profit or loss and other comprehensive income (cont'd)	**2018**
	$'000
Other comprehensive income:	
- Exchange difference on translation of foreign operations	4,405
Total comprehensive income	136,120

The Group's share of results from the investment in the joint venture amounted to $36,259,000 (2017: $Nil) for the year ended 31 March 2018 (refer to Note 2.1).

(1) The Group's joint venture company has an investment property amounting to $383,789,000 (2017: $Nil), which is carried at fair value as at 31 March 2018. A fair value gain of $175,900,000 (2017: $Nil) on the investment property was recorded for the year ended 31 March 2018.

16. Deferred tax

The following are the major deferred tax assets/liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

(a) ***Deferred tax assets***

Group	Cash receipts for uncompleted development properties [1] $'000	Others $'000	Total $'000
At 1 April 2016	(532)	(36)	(568)
Charged to profit or loss	290	–	290
Adjustment	–	33	33
Exchange differences	–	3	3
At 31 March 2017 and 1 April 2017	(242)	–	(242)
Charged to profit or loss	143	–	143
At 31 March 2018	(99)	–	(99)

(1) Deferred tax assets relate to the tax payable on advanced cash receipts for the sale of development properties in Indonesia which is recognised using the completed-contract ("COC") method.

16. Deferred tax (cont'd)

(b) *Deferred tax liabilities*

	Accelerated tax depreciation over accounting depreciation $'000	Deferred tax on gain from sale of a property (1) $'000	Revaluation arising from reverse takeover exercise (2) $'000	Others (3) $'000	Accrued income $'000	Tax on distributable dividend $'000	Total $'000
Group							
At 1 April 2016	58	–	1,172	–	–	–	1,230
Charged to profit or loss	7	1,469	–	–	–	–	1,476
Exchange difference	–	(80)	–	–	–	–	(80)
At 31 March 2017 and 1 April 2017	65	1,389	1,172	–	–	–	2,626
Charged/(Credited) to profit or loss	97	–	(1,172)	729	363	2,017	2,034
Exchange differences	–	73	–	–	–	–	73
At 31 March 2018	162	1,462	–	729	363	2,017	4,733

(1) The deferred tax arose from the disposal of a property in the United Kingdom in 2016. The deferred tax will be payable if the sale proceeds is not reinvested into a qualifying asset by April 2019.

(2) The deferred tax arose from the revaluation of KOP Building during the reverse takeover exercise in 2013. The building was disposed on 29 December 2017.

(3) Others comprise mainly tax effect on overseas income.

Temporary differences relating to investments in joint venture

At the end of the reporting period, deferred tax liability of $2,017,000 (2017: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's joint venture.

Temporary differences relating to investments in associates

At the end of reporting period, no deferred tax liability (2017: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's associates as there is no income tax consequences attached to the dividends from associates as there is no income tax payable on the subsequent distributions of profits from associates.

As at 31 March 2018, there are no other temporary differences for which no deferred tax liability has been recognised.

17. Notes receivable

	Group 2018 $'000	Group 2017 $'000
Notes receivable	9,789	16,894
Less: Notes receivable due for settlement within next 12 months	(8,000)	–
Notes receivable due for settlement after 12 months	1,789	16,894

Notes receivable is due from Royce Properties Pte. Ltd. ("Royce"), a company owned by KOP Group Pte. Ltd., which is the ultimate holding company of the Company. The notes receivable is interest-bearing at 8.0% (2017: 8.0%) per annum, secured against the underlying development properties of Royce subject to the full satisfaction of the bank borrowings of Royce and repayable on 16 December 2019.

During the year ended 31 March 2018, notes receivable amounting to $8,000,000 (2017: $21,000,000) was early redeemed and settled by cash.

During the financial year ended 31 March 2018, Royce served a notice of redemption to the Group to partially redeem a principal amount of $3,900,000 and interest receivables of $4,100,000 on 8 May 2018 prior to maturity date. Accordingly, the Group has classified the total of $8,000,000 of the notes receivable as current assets.

Subsequent to the financial year ended 31 March 2018, the total of $8,000,000 of the notes receivable was redeemed and settled by cash.

18. Development properties

Development properties consist of unsold properties under development.

	Group 2018 $'000	Group 2017 $'000
Completed properties held for sale	9,292	15,360
Properties under development	15,014	9,088
	24,306	24,448

18. Development properties (cont'd)

Development properties were analysed as follows:

	Group 2018 $'000	Group 2017 $'000
Land and other related costs	2,355	2,355
Development cost, related overhead expenditure and financing charge incurred to-date	56,757	56,195
Cost of development properties	59,112	58,550
Transferred to cost of sales	(34,806)	(34,102)
	24,306	24,448

The interest expense capitalised during the financial year amounted to $30,000 (Note 6) (2017: $123,000).

All development properties are pledged as securities for bank borrowings (Note 23). Borrowing costs capitalised during the financial year were from loans borrowed specifically for the development properties.

Particulars of the development properties are set out below:

Description	Location	Tenure	Site area (square foot)	Gross floor area (square foot)	Approximate percentage of completion	Expected date of completion
Resort	Jalan Hang Lekir, Sambau Sub-District, Nongsa District, Batam City, Riau Islands Province, Indonesia	Hak Guna Bangunan title for 30 years	1,296,459	780,229	83%	December 2019

19. Inventories

	Group 2018 $'000	Group 2017 $'000
Supplies and consumables	527	518

Management has carried out a review of the net realisable value of the inventories as at the end of the reporting period and assessed that no allowance is required.

20. Trade and other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade receivables	861	1,433	2	–
Amounts due from subsidiaries,trade	–	–	8,045	6,320
Amounts due from related companies, trade	467	–	–	–
Amounts due from subsidiaries, non-trade	–	–	70,422	21,483
Amounts due from associates, non-trade	–	8	–	–
Amounts due from related companies, non-trade	143	520	–	30
Loan to an associate	6,127	33,002	–	–
Other receivables	1,763	1,522	20	–
Accrued income from a joint venture	2,097	–	–	–
Total trade and other receivables	11,458	36,485	78,489	27,833
Add:				
Notes receivable (Note 17)	9,789	16,894	–	–
Other current assets, excluding prepayments (Note 21)	532	163	32	1
Cash and bank balances (Note 22)	9,613	815	440	5
Total loans and receivables	31,392	54,357	78,961	27,839

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

	Group	
	2018	**2017**
	$'000	$'000
United States Dollar	2,427	144
Great Britain Pounds	668	7,391
Indonesian Rupiah	1,367	492

<u>Trade receivables and amounts due from related companies, trade</u>

The average credit period on sale of goods and rendering of services ranges between 30 to 90 days (2017: 30 to 90 days). No interest is charged on the overdue balances.

<u>Accrued income from a joint venture</u>

The accrued income relates to services rendered to joint venture company, Shanghai Snow Star Properties Co., Ltd. (“Snow Star”). The billing is conditional upon the receipt of permits issued from the China authority required for the joint venture project in Shanghai, People’s Republic of China.

20. Trade and other receivables (cont'd)

Amounts due from subsidiaries, associates and related companies (trade and non-trade) and other receivables

The trade and non-trade receivables due from subsidiaries, associates and related companies and other receivables are unsecured, interest-free and repayable on demand and are to be settled in cash.

Loan to an associate

The loan to an associate is unsecured, bears fixed interest of 3% (2017: 3%) per annum, repayable on demand and is to be settled in cash.

Receivables that are past due but not impaired

The trade receivables that are neither past due nor impaired relates to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The Group has trade receivables amounting to $1,055,000 (2017: $1,029,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Past due <3 months	285	114	612	563
Past due 3 to 6 months	178	233	1,340	1,129
Past due over 6 months	592	682	5,730	4,309
	1,055	1,029	7,682	6,001

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	1,736	2,412	9,323	7,540
Less: Allowance for impairment	(408)	(979)	(1,276)	(1,220)
	1,328	1,433	8,047	6,320

20. Trade and other receivables (cont'd)

Non-trade receivables that are impaired

The Group's non-trade receivables that are impaired at the end of the reporting period are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Non-trade receivables – nominal amounts	1,230	1,671	75,259	25,523
Less: Allowance for impairment	(1,087)	(1,143)	(4,837)	(4,010)
	143	528	70,422	21,513

Movements in the allowance for doubtful trade receivables are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
At 1 April	979	1,308	1,220	1,124
(Credited)/Charged to profit or loss	(571)	90	(456)	96
Transfer from subsidiary [(1)]	–	–	512	–
Written off	–	(385)	–	–
Exchange differences	–	(34)	–	–
At 31 March	408	979	1,276	1,220

Movements in the allowance for doubtful non-trade receivables are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
At 1 April	1,143	890	4,010	5,429
Charged/(Credited) to profit or loss	683	253	212	(2,121)
Transfer from subsidiary [(1)] [(2)]	–	–	615	702
Written off	(739)	–	–	–
At 31 March	1,087	1,143	4,837	4,010

(1) As at 31 March 2018, the Company disposed off Scopio East Properties Pte. Ltd. ("SEPP"). Accordingly, trade receivables and non-trade receivables due from Scorpio East Entertainment Pte. Ltd. to SEPP of $512,000 and $615,000 respectively, for which allowance for doubtful receivables was made in the prior year, were transferred to the Company.

20. Trade and other receivables (cont'd)

Non-trade receivables that are impaired (cont'd)

(2) As at 31 March 2017, the Company was in the process of striking off Scorpio East Multimedia Pte. Ltd. ("SEMPL"). Accordingly, receivables due from Scorpio East Pictures Pte. Ltd. to SEMPL of $702,000, for which allowance for doubtful receivables was made in prior year, were transferred to the Company.

All receivables are individually determined to be impaired. The receivables that are impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

21. Other current assets

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Deposits	532	163	32	1
Prepayments	400	592	15	21
	932	755	47	22

22. Cash and bank balances

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	8,852	528	440	5
Funds placed in escrow accounts	761	287	–	–
Cash and bank balances	9,613	815	440	5

Cash and bank balances denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
United States Dollar	973	309	–	–
Hong Kong Dollar	10	11	–	–
China Renminbi	4	26	–	–
Great Britain Pounds	1	10	–	–
Indonesian Rupiah	518	165	–	–

22. Cash and bank balances (cont'd)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Cash and bank balances	9,613	815	440	5
Less: Bank overdrafts (Note 23)	–	(7,328)	–	–
Less: Restricted funds placed in escrow accounts	(761)	(287)	–	–
Cash and cash equivalents in the consolidated cash flow statement	8,852	(6,800)	440	5

Cash at bank earns interest at floating rates based on bank deposit rates. Funds placed in escrow accounts relate to the minimum balance maintained with banks to secure bank borrowings (Note 23). The minimum balance is equivalent to the aggregate of three months interest and principal on the term loan during the instalment period.

23. Bank overdrafts and bank borrowings (secured)

	Group	
	2018	**2017**
	$'000	$'000
Current		
Bank overdrafts	–	7,328
Revolving credit facility	–	4,000
Fixed rate bank loans:		
- 5-year USD term loan	–	726
- 7-year USD term loan	1,131	891
Variable rate bank loans:		
- SGD land and building loan	–	1,130
	1,131	14,075
Non-current		
Fixed rate bank loans:		
- 7-year USD term loan	10,125	12,000
Variable rate bank loans:		
- SGD land and building loan	–	7,822
	10,125	19,822
Total bank overdrafts and bank borrowings (secured)	11,256	33,897

23. Bank overdrafts and bank borrowings (secured) (cont'd)

The Group's bank overdrafts and bank borrowings comprise the followings:

(a) ***Bank overdrafts***

As at 31 March 2017, the bank overdrafts were denominated in SGD, bore an effective interest rate of 5.75% per annum and were repayable on demand. The bank overdrafts were arranged at floating rates and secured by legal mortgage of the investment property, leasehold land and building of the subsidiary and corporate guarantee from the Company.

The bank overdrafts were fully repaid during the year.

(b) ***Revolving credit facility***

As at 31 March 2017, the revolving credit facility ("RC") of $4,000,000 was denominated in SGD, bore interest at 4.45% per annum and matured on 10 April 2017. The RC was arranged at floating rate and secured by legal mortgage of the investment property, leasehold land and building of the subsidiary and corporate guarantee from the Company.

The RC was fully repaid during the year.

(c) ***5-year USD term loan***

As at 31 March 2017, the 5-year USD term loan of $726,000 bore interest at 7.00% per annum. The loan was to be repaid over 60 monthly instalments after its first drawdown. The loan was secured by legal mortgage of the leasehold land and building of the subsidiary and corporate guarantee from a subsidiary. The loan was denominated in United States Dollar.

The loan was fully repaid during the year.

(d) ***7-year USD term loan***

The 7-year USD term loan of $11,256,000 (2017: $12,891,000) bears interest at 7.00% (2017: 7.00%) per annum and matures in June 2023. The loan is secured by legal mortgage of the leasehold land and building of the subsidiary, personal guarantee from directors of the Company and corporate guarantee from a subsidiary.

The loan includes a financial covenant which requires the subsidiary to maintain a maximum adjusted gearing ratio of 0.7 throughout the tenure of the loan.

(e) ***SGD land and building loan***

As at 31 March 2017, the SGD land and building loan of $8,952,000 bore interest at 3.00% per annum which was based on 2.00% above Cost of Funds. The term loans amounting to $5,472,000 and $3,480,000 were repayable in 180 and 168 equal monthly payment respectively, commencing from 1 May 2009. The term loans were secured by legal mortgage of the investment property, leasehold land and building of the subsidiary and corporate guarantee from the Company.

The loan was refinanced with a new term loan that is denominated in SGD, bore interest at 2.60% per annum below the bank's base rate and matures on 10 August 2019.

The loan was fully repaid during the year.

23. Bank overdrafts and bank borrowings (secured) (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	1 April 2017	**Cash flows, net**	**Disposal of subsidiary**	**Reclassification**	**Foreign exchange movement**	**31 March 2018**
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Revolving credit facility	4,000	(4,000)	–	–	–	–
Bank loans	2,747	12,461	(23,000)	8,988	(65)	1,131
Finance leases (Note 24)	20	10	–	–	–	30
Loan from a shareholder (Note 27)	–	37,000	–	–	–	37,000
Non-current						
Bank loans	19,822	–	–	(8,988)	(709)	10,125
Finance leases (Note 24)	37	140	–	–	–	177

24. Finance leases

	Group			
	Minimum lease payments		**Present value of minimum lease payments**	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	39	22	30	20
Between two to five years	157	39	136	37
After five years	43	–	41	–
	239	61	207	57
Less: Future finance charges	(32)	(4)	–	–
Present value of lease obligations	207	57	207	57
Less: Amount due for settlement within 12 months (shown under current liabilities)			(30)	(20)
Amount due for settlement after 12 months			177	37

24. Finance leases (cont'd)

The Group has finance lease for motor vehicles. The term of the finance lease is 7 years (2017: 7 years) and bear interest rate of 2.58% per annum (2017: 2.80% per annum). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets (Note 10).

25. Sales proceeds received in advance

The sales proceeds received in advance relate to the consideration received from the sale of development properties which the title has yet to be passed to the purchaser.

26. Trade and other payables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade payables	3,850	7,789	114	251
Accrued operating expenses	2,977	3,825	680	885
Advances from non-controlling interests (Note A)	5,898	9,690	–	–
Deposits received [1]	376	590	–	–
Amounts due to directors	93	339	–	–
Amounts due to ultimate holding company	–	433	–	–
Amounts due to related companies	38	42	–	–
Amounts due to subsidiaries	–	–	13	3,847
Other payables	603	1,523	23	32
	13,835	24,231	830	5,015
Trade and other payables (excluding non-refundable deposits)	13,459	23,820	830	5,015
Add:				
Bank overdrafts and bank borrowings (secured) (Note 23)	11,256	33,897	–	–
Finance leases (Note 24)	207	57	–	–
Loan from a shareholder (Note 27)	37,000	–	37,000	–
Total financial liabilities carried at amortised cost	61,922	57,774	37,830	5,015

(1) The deposits received include non-refundable deposits of $376,000 (2017: $411,000) mainly received from resort unit buyers.

26. Trade and other payables (cont'd)

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

	Group 2018 $'000	Group 2017 $'000
United States Dollar	5,386	5,755
Hong Kong Dollar	45	48
China Renminbi	271	287
Great Britain Pounds	87	239
Euros	10	10
Indonesian Rupiah	4,905	9,089

Trade payables/Other payables

The average credit period on purchases of goods and services ranges between 30 to 120 days (2017: 30 to 120 days). No interest is charged on the overdue balances.

As at 31 March 2017, $570,000 of the non-trade payable to third parties bear fixed interest of 6.5% per annum. The amount was fully repaid during the year.

Amounts due to ultimate holding company, related companies and subsidiaries

The non-trade payables due to ultimate holding company, related companies and subsidiaries are unsecured, interest-free and repayable on demand and are to be settled in cash.

Amounts due to directors

The amounts due to directors are non-trade related, unsecured, interest-free and repayable on demand and are to be settled in cash.

Advances from non-controlling interests

The advances from non-controlling interests are interest-free, unsecured and repayable on demand and are to be settled in cash.

Note A

Included in advances from non-controlling interests was an amount of US$3,000,000 equivalent to $3,932,250 (2017: US$3,000,000, equivalent to $4,192,000) owing to an individual, who is also a shareholder of the Company. The Group's Executive Chairman and Chief Operating Officer are relatives of the individual.

In May 2013, the individual extended US$1,500,000 to the Group for the purpose of acquisition of a Group's project, which represents 17% of the economic interest in the Montigo Resorts, Seminyak project.

In June 2016, the individual extended another US$1,500,000 to the Group for the purpose of funding for the construction cost for the same project with the term that the total advances of US$3,000,000 were equivalent to 17% of the economic interest in the Montigo Resorts, Seminyak project.

26. Trade and other payables (cont'd)

Note A (cont'd)

The Group's intent for the advances to be interest-free, repayable on demand and free from all liens, charges and other encumbrances.

The predecessor auditor expressed a qualified opinion on the financial statements of the Group for the financial year ended 31 March 2017 in respect of these advances owing to this individual as the terms of these advances in the loan agreement and related documents between the individual and the Group were not consistent with management's intent or explanation.

The Group explained that the same terms (i.e. the advances to be interest-free, repayable on demand and free from all liens, charges and other encumbrances) were confirmed and acknowledged by the individual since financial year ended 31 March 2014.

Around February 2018, the Group and the individual entered into negotiations regarding the terms of the advances. Following discussions with the individual, on 31 May 2018, the Group entered into a loan deed ("Deed") with the individual to formalise and clarify the terms governing the US$3,000,000 loan. The key terms of the Deed are as follows:

- For the avoidance of doubts, the amount of US$3,000,000 advanced to the Group is interest-free, repayable on demand and free from all liens, charges and other encumbrances since the respective dates of drawn down of the loan and as at 31 March 2018.

- The Group and the individual have also set out the newly agreed terms governing the US$3,000,000 loan from 31 May 2018:

  - The maturity date of the loan of US$3,000,000 is determined to be one year from the date of Deed.

  - Interest is at 7% per annum and shall accrue from 1 April 2018 until the repayment date.

  - The individual may, in his absolute discretion, elect to convert the loan into shares of a subsidiary (i.e. the borrower of the loan) of the Group any time till the maturity date by providing a notice in writing specifying its intention to convert the loan to the subsidiary's shares, based on a conversion formula.

The loan arrangement did not result in any payments or receipts between the Group and the said individual.

Based on the terms and conditions of the Deed, the advances due to the individual of US$3,000,000 (2017: US$3,000,000) as at 31 March 2018 are accounted for as financial liabilities and are interest-free, repayable on demand and free from all liens, charges and other encumbrances.

27. Loan from a shareholder

The loan from a shareholder is denominated in SGD, bears interest at 7% per annum and matures in November 2018. The loan is convertible into fully paid-up ordinary shares in the capital of the Company, at the option of the shareholder, in the event that the Company is unable to repay the loan on maturity date. The loan is secured by personal guarantee from certain directors of the Company.

Subsequent to the end of the reporting period, the loan was extended for another 12 months and will be due for repayment in November 2019.

28. Share capital

	Group and Company		Company	
	2018	**2017**	**2018**	**2017**
	Number of ordinary shares[1]		$'000	$'000
Issued and fully paid-up capital:				
At 1 April	886,369,771	886,369,771	283,427	283,427
Issuance of ordinary shares	221,592,443	–	11,079	–
At 31 March	1,107,962,214	886,369,771	294,506	283,427

(1) The equity structure (i.e. the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the reverse acquisition in 4 May 2014.

	Group	
	2018	**2017**
	$'000	$'000
Issued and fully paid-up capital:		
At 1 April	67,861	67,861
Issuance of ordinary shares	11,079	–
At 31 March	78,940[2]	67,861

(2) The amount recognised as issued equity instruments in the consolidated financial statements is determined by adding to the issued equity of Scorpio East Holdings Ltd. and its subsidiaries immediately before the reverse acquisition to the costs of the reverse acquisition and proceeds from issuance of shares by the Company subsequent to the completion of the reverse acquisition.

During the year, the Company issued 221,592,443 ordinary shares for a consideration of $11,079,000 for the purpose of business development and business expansion.

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.

29. Foreign currency translation reserves

The foreign currency translation reserves represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30. Other reserves

Other reserves arose from transactions with ultimate holding company.

31. Other related parties transactions

(a) During the financial year, the Group entered into the following significant transactions with related parties at terms agreed between the parties, other than those disclosed elsewhere in the financial statements:

	Group	
	2018	**2017**
	$'000	$'000
Related companies		
Management fee income	–	(525)
Interest income from notes receivable	(895)	(960)
Commission income	–	(948)
Associates		
Commission income	–	(281)
Interest income	(125)	(921)
Joint venture company		
Establishment fee income	(10,854)	–
Interest expense	823	–
Entity which the directors of the Company have interest in		
Management fee income	(200)	(200)
Purchase of equipment	28	–
Sales of goods	(5)	–
Transactions with directors		
Management fee income from development properties sold	(7)	(7)
Sales of goods	(1)	–
Shared return from development properties	12	23
Transactions with a shareholder of the Company		
Loan from a shareholder	37,000	–
Interest expense on loan from a shareholder	1,178	–

31. Other related parties transactions (cont'd)

(b) Compensation of directors and key management personnel

The remuneration of directors and members of key management personnel during the year were as follows:

	Group	
	2018	**2017**
	$'000	$'000
Short-term employee benefits	2,786	2,182
Central Provident Fund contributions	93	74
	2,879	2,256

The remuneration of directors and members of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

32. Contingent liabilities

Corporate guarantees

	Company	
	2018	**2017**
	$'000	$'000
Corporate guarantee to financial institutions for subsidiaries' banking facilities	–	20,280
Corporate guarantee to financial institutions for a subsidiary's banking facilities in respect of the Group's share of tender deposit	–	10,750
Corporate guarantee to financial institutions for associates' banking facilities	20,450	–
	20,450	31,030

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

Legal claims

On 13 May 2016, certain subsidiaries and the Company's directors received a Writ of Summons for alleged breach of duties in relation to a collaboration between a subsidiary and a non-controlling shareholder of a subsidiary. Management is of the opinion that there are no merits to the claims. The Company has also been advised by its legal counsel that the Company has a more than even chance of succeeding in its defence of the suit.

At the reporting date, the directors of the Company are of the view that it is presently not practicable to provide an estimate of the financial effects, if any, for the above.

32. Contingent liabilities (cont'd)

Legal claims (cont'd)

During the year, the Group received a notice from court of Batam, Indonesia in relation to a statement of claim filed on 13 December 2017 to cancel the lease and unit management agreement for 2 units of the property owned by the Group. The case is currently under mediation proceedings.

As at reporting date, the Company is of the opinion that there are no merits to the claims and therefore no provision for any liability has been made in the financial statements.

33. Commitments

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

	Group	
	2018	**2017**
	$'000	$'000
Development properties	3,367	3,670
Property, plant and equipment	2,083	6,851
Advisory fee for real estate management project	–	328
	5,450	10,849

34. Operating lease arrangements

The Group as Lessor

The Group rents out its investment property in Singapore under operating leases. The leases are negotiated for term of two years and rentals are fixed for an average of two years.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2018	**2017**
	$'000	$'000
Within one year	–	470
Between two to five years	–	392
	–	862

The investment property was disposed off during the year.

34. Operating lease arrangements (cont'd)

<u>The Group as Lessee</u>

The Group has entered into commercial leases on certain motor vehicles, equipment, warehouses and offices. The leases have an average tenure between one and three years.

	Group 2018 $'000	Group 2017 $'000
Minimal lease payments under operating leases recognised as an expense in the year	332	215

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

	Group 2018 $'000	Group 2017 $'000
Within one year	854	–
Between two to five years	1,090	–
	1,944	–

35. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises 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.

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.

35. Fair value of assets and liabilities (cont'd)

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

Trade and other receivables, other current assets, cash and bank balances and trade and other payables

The carrying amounts of these balances approximate fair values due to their short-term nature.

Bank overdrafts, revolving credit facility and variable rate bank loans

The carrying amounts of these balances approximate fair values as their interest rates approximate market interest rates.

(c) Assets and liabilities not measured at fair value, for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed:

Group	**Fair value measurements at the end of the reporting period using**				
	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2)** $'000	**Significant unobservable inputs (Level 3)** $'000	**Fair value Total** $'000	**Carrying amount** $'000
2018					
Assets:					
Notes receivable	–	–	9,674	9,674	9,789
Liabilities:					
Bank overdrafts and bank borrowings (secured):					
- Fixed rate bank loans	–	–	10,902	10,902	11,256
Finance leases (non-current)	–	–	200	200	177
Loan from a shareholder	–	–	37,234	37,234	37,000

35. Fair value of assets and liabilities (cont'd)

(c) Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)

Group	**Fair value measurements at the end of the reporting period using**				
	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2)** $'000	**Significant unobservable inputs (Level 3)** $'000	**Fair value Total** $'000	**Carrying amount** $'000
2017					
Assets:					
Notes receivable	–	–	16,968	16,968	16,894
Liabilities:					
Bank overdrafts and bank borrowings (secured):					
- Fixed rate bank loans	–	–	11,865	11,865	13,617
Finance leases (non-current)	–	–	39	39	37

Company	**Fair value measurements at the end of the reporting period using**				
	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2)** $'000	**Significant unobservable inputs (Level 3)** $'000	**Fair value Total** $'000	**Carrying amount** $'000
2018					
Liabilities:					
Loan from a shareholder	–	–	37,234	37,234	37,000

<u>Determination of fair value</u>

Notes receivable, fixed rate bank loans, finance leases and loan from a shareholder

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

36. Segment information

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

(i)	Real estate development and investment	The development, construction and sale of development properties.
(ii)	Real estate origination and management services	The provision of business and management services for projects, including acquisition of properties and undertaking the development conceptualisation, construction management, marketing and branding strategising and retail sales of such projects.
(iii)	Hospitality	Management and operation of hotel and resort, including restaurants and spas.
(iv)	Entertainment	Sales of goods, grant of sub-distribution rights and assignment of distribution rights; content production and producer fees; sales of tickets and sponsorship income and investment property rental income.
(v)	Corporate office	Management fee income from subsidiaries, Group-level corporate services and treasury function.

For the purpose of monitoring segment performance and allocating resources, the Management monitors the assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments. Assets or liabilities, if any, used jointly by reportable segments are allocated to the segments on a reasonable basis. Segment revenue represents revenue generated from external and internal customers. Segment result represents the (loss)/profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Corporate office consists of shared corporate assets and liabilities that could not be specifically allocated to each reportable segment.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

36. Segment information (cont'd)

2018 (Revised)	Real estate development and investment $'000	Real estate origination and management services $'000	Hospitality $'000	Entertain-ment $'000	Corporate office $'000	Inter-segment eliminations $'000	Total $'000
Revenue							
Revenue from external customers	1,659	11,054	13,580	412	–	–	26,705
Inter-segment revenue	–	–	538	262	2,400	(3,200)	–
	1,659	11,054	14,118	674	2,400	(3,200)	26,705
Results							
Segment results	(328)	4,647	(2,529)	1,854	(3,868)	–	(224)
Finance costs	–	(847)	(858)	(1,768)	–	–	(3,473)
Share of results from investments in associates	(66)	–	–	–	–	–	(66)
Share of results from investment in a joint venture	–	36,259	–	–	–	–	36,259
Reportable profit/(loss)	(394)	40,059	(3,387)	86	(3,868)	–	32,496
Income tax (expense)/credit	(326)	(2,677)	22	–	–	–	(2,981)
Profit/(Loss) for the year	(720)	37,382	(3,365)	86	(3,868)	–	29,515
Other information							
Interest income	125	911	2	–	–	–	1,038
Depreciation of property, plant and equipment	(396)	(135)	(2,482)	(238)	–	–	(3,251)
Amortisation of intangible assets	–	–	–	(7)	–	–	(7)
Allowance for doubtful receivables, net	–	(30)	–	(82)	–	–	(112)
Bad debts recovered	–	–	–	650	–	–	650
Bad debts written off	(30)	–	–	–	–	–	(30)
Property, plant and equipment written off	–	–	–	(3)	–	–	(3)
Gain on disposal of property, plant and equipment	–	181	(1)	275	–	–	455
Gain on disposal of subsidiary	–	–	–	–	23	–	23
Gain on strike-off of subsidiaries	–	149	–	(3)	–	–	146

36. Segment information (cont'd)

2018 (Revised)	Real estate development and investment $'000	Real estate origination and management services $'000	Hospitality $'000	Entertain-ment $'000	Corporate office $'000	Inter-segment eliminations $'000	Total $'000
Reportable segments assets	48,428	120,225	37,552	69	512	–	206,786
Reportable segments assets included:							
Investment in a joint venture	–	99,722	–	–	–	–	99,722
Investment in associates	8,669	–	–	–	–	–	8,669
Additions to non-current assets	–	643	2,032	3	–	–	2,678
Reportable segments liabilities	3,664	5,884	19,974	1,197	37,821	–	68,540

36. Segment information (cont'd)

2017	Real estate development and investment $'000	Real estate origination and management services $'000	Hospitality $'000	Entertain-ment $'000	Corporate office $'000	Inter-segment eliminations $'000	Total $'000
Revenue							
Revenue from external customers	3,362	725	11,354	709	–	–	16,150
Inter-segment revenue	–	–	505	161	2,904	(3,570)	–
	3,362	725	11,859	870	2,904	(3,570)	16,150
Results							
Segment results	721	(2,251)	6,643	1,099	(3,035)	–	3,177
Finance costs	–	(136)	(8)	(821)	–	–	(965)
Share of results from investments in associates	1,896	–	–	–	–	–	1,896
Reportable profit/(loss)	2,617	(2,387)	6,635	278	(3,035)	–	4,108
Income tax (expense)/credit	(439)	12	(1,467)	–	–	–	(1,894)
Profit/(Loss) for the year	2,178	(2,375)	5,168	278	(3,035)	–	2,214
Other information							
Interest income	923	964	2	–	–	–	1,889
Depreciation of property, plant and equipment	(401)	(158)	(2,240)	(553)	–	–	(3,352)
Amortisation of intangible assets	–	–	–	(59)	–	–	(59)
Allowance for doubtful receivables, net	–	(253)	–	(90)	–	–	(343)
Bad debts recovered	–	–	–	1,580	–	–	1,580
Fair value gain on investment property	–	–	–	340	–	–	340
Property, plant and equipment written off	–	(117)	–	–	–	–	(117)
Gain on disposal of non-current asset held for sale	–	–	8,801	–	–	–	8,801
Loss on disposal of property, plant and equipment	–	(39)	11	–	–	–	(28)
Impairment of intangible assets	–	–	–	(60)	–	–	(60)
Impairment of prepaid file rights	–	–	–	(87)	–	–	(87)

36. Segment information (cont'd)

2017	**Real estate development and investment** $'000	**Real estate origination and management services** $'000	**Hospitality** $'000	**Entertain-ment** $'000	**Corporate office** $'000	**Inter-segment eliminations** $'000	**Total** $'000
Reportable segments assets	76,868	18,448	37,881	26,379	56	–	159,632
Reportable segments assets included:							
Investment in associates	8,735	–	–	–	–	–	8,735
Additions to non-current assets	14	–	3,465	332	–	–	3,811
Reportable segments liabilities	9,301	9,317	22,229	22,369	1,171	–	64,387

Geographical information

The operations of the Group are principally located in Singapore, Indonesia, People's Republic of China and the United Kingdom.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding long-term notes receivable and deferred tax assets) by geographical locations are detailed below:

	Revenue		**Non-current assets**	
			Revised	
	2018 $'000	**2017** $'000	**2018** $'000	**2017** $'000
Singapore	708	1,434	9,308	34,847
United Kingdom	–	20	–	–
Indonesia	15,143	14,696	41,032	44,578
People's Republic of China	10,854	–	99,722	50
	26,705	16,150	150,062	79,475

Information about a major customer

Included in the Group's revenue for the financial year ended 31 March 2018 is an establishment fee of $10,854,000 (2017: $Nil) which arose from services rendered to a joint venture company.

Included in the Group's revenue for the financial year ended 31 March 2017 was a sale of development property of $1,800,000 which arose from a single buyer.

37. 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, credit risk and liquidity risk. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by the Board of Directors in accordance with prevailing economic and operating conditions.

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

(a) *Foreign currency risk*

The Group operates primarily in Singapore, Indonesia, People's Republic of China and the United Kingdom and as a result, is exposed to foreign currency risk from transactions denominated in foreign currencies, arising from its normal business activities.

The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge against foreign currency risk. Exposures to foreign currency risks are managed as far as possible by natural hedges of matching assets and liabilities.

At the end of reporting period, the material carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group			
	Assets		**Liabilities**	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Indonesian Rupiah	1,885	657	(4,905)	(9,089)
United States Dollars	3,400	453	(5,386)	(6,481)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Indonesia, Hong Kong, People's Republic of China (PRC) and the United Kingdom. The Group's net investments in Indonesia, Hong Kong, PRC and the United Kingdom are not hedged as currency positions in Indonesian Rupiah, Hong Kong Dollars, China Reminbi and Great Britain Pounds are considered to be long-term in nature.

37. Financial risk management objectives and policies (cont'd)

(a) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to an 8% (2017: 3%) increase and decrease in the relevant foreign currencies against the functional currency of each of the Group's entity, with all other variables held constant.

	Group	
	2018	**2017**
	$'000	$'000
Impact on profit before tax:		
Indonesian Rupiah	(223)	(257)
United States Dollars	(159)	(181)

The opposite applies if the relevant foreign currencies were to weaken by 8% (2017: 3%) against the functional currency of each Group's entity.

The Company's monetary assets and monetary liabilities are denominated in its functional currency, Singapore Dollars. Accordingly, no foreign currency sensitivity analysis is presented.

(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 bank overdrafts and bank borrowings.

Interest rate sensitivity

In 2017, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended 31 March 2017 would decrease/increase by $101,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

At the end of the reporting period, the Group and Company have no exposure to interest rate risk as the Group and Company have no interest-bearing financial assets and the interest for the financial liabilities are fixed. Accordingly, interest rate sensitivity analysis has not been prepared.

(c) *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 other current assets, excluding prepayments, notes receivable and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

37. Financial risk management objectives and policies (cont'd)

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group adopts a policy of only dealing with creditworthy counterparties based on their trading and payment history as well as such commercial information which the Group obtains from time to time. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

The maximum amount the Company could be forced to settle under the financial guarantee contracts in Note 32 to the financial statements, if the full guaranteed amount is claimed by the counterparty to the guarantees, is $20,450,000 (2017: $31,030,000). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Credit risk concentration profile

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

	Group			
	2018		2017	
	$'000	% of total	$'000	% of total
By country:				
Singapore	486	36	248	17
Indonesia	832	63	1,175	82
Other countries	10	1	10	1
	1,328	100	1,433	100
By industry sector:				
Real estate development and investment	589	44	1,092	76
Real estate origination and management services	476	36	91	7
Hospitality	263	20	24	2
Entertainment	–	–	226	15
	1,328	100	1,433	100

37. Financial risk management objectives and policies (cont'd)

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

The Group and Company have no concentration of credit risk other than the loan to an associate, accrued income and amounts due from subsidiaries as disclosed in Note 20 and the notes receivable as disclosed in Note 17 to the financial statements. The credit risk on bank balances is limited because the counterparties are reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's and Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risk on trade and other receivables are disclosed in Note 20 to the financial statements.

(d) *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.

At the end of the reporting period, approximately 79% (2017: 42%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

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 used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Group			
2018	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
Financial assets:				
Trade and other receivables	11,642	–	–	11,642
Other current assets, excluding prepayments	532	–	–	532
Notes receivable	8,000	1,834	–	9,834
Cash and bank balances	9,613	–	–	9,613
Total undiscounted financial assets	29,787	1,834	–	31,621

37. Financial risk management objectives and policies (cont'd)

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

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Group			
2018	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
Financial liabilities:				
Trade and other payables	13,459	–	–	13,459
Bank overdrafts and bank borrowings	1,897	11,848	–	13,745
Finance leases	39	157	43	239
Loan from a shareholder	38,582	–	–	38,582
Total undiscounted financial liabilities	53,977	12,005	43	66,025
Total net undiscounted financial (liabilities)	(24,190)	(10,171)	(43)	(34,404)

	Group			
2017	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
Financial assets:				
Trade and other receivables	37,475	–	–	37,475
Other current assets, excluding prepayments	163	–	–	163
Notes receivable	5,854	13,683	–	19,537
Cash and bank balances	815	–	–	815
Total undiscounted financial assets	44,307	13,683	–	57,990
Financial liabilities:				
Trade and other payables	24,028	–	–	24,028
Bank overdrafts and bank borrowings	15,510	22,475	–	37,985
Finance leases	22	39	–	61
Total undiscounted financial liabilities	39,560	22,514	–	62,074
Total net undiscounted financial assets/(liabilities)	4,747	(8,831)	–	(4,084)

37. Financial risk management objectives and policies (cont'd)

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

	Company			
2018	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
Financial assets:				
Trade and other receivables	78,489	–	–	78,489
Other current assets, excluding prepayments	32	–	–	32
Cash and bank balances	440	–	–	440
Total undiscounted financial assets	78,961	–	–	78,961
Financial liabilities:				
Trade and other payables	830	–	–	830
Loan from a shareholder	38,582	–	–	38,582
Total undiscounted financial liabilities	39,412	–	–	39,412
Total net undiscounted financial assets	39,549	–	–	39,549

	Company			
2017	**On demand or within one year** $'000	**Within two to five years** $'000	**After five years** $'000	**Total** $'000
Financial assets:				
Trade and other receivables	27,833	–	–	27,833
Other current assets, excluding prepayments	1	–	–	1
Cash and bank balances	5	–	–	5
Total undiscounted financial assets	27,839	–	–	27,839
Financial liabilities:				
Trade and other payables	5,015	–	–	5,015
Total undiscounted financial liabilities	5,015	–	–	5,015
Total net undiscounted financial assets	22,824	–	–	22,824

37. Financial risk management objectives and policies (cont'd)

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

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2018				2017			
	One year or less	**One to five years**	**Over five years**	**Total**	**One year or less**	**One to five years**	**Over five years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Financial guarantees	–	20,450	–	20,450	31,030	–	–	31,030
Company								
Financial guarantees	–	–	–	–	–	–	–	–

38. Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which include the bank overdrafts and bank borrowings and loan from a shareholder and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The management reviews the capital structure on an on-going basis. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2018.

38. Capital management policies and objectives (cont'd)

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group monitors capital using a gearing ratio, which is total borrowings divided by total equity. The Group's policy is to keep the gearing ratio below 0.70. At the end of the reporting period, the Group's gearing ratio is 0.35 (2017: 0.36).

	Group	
	Revised 2018	**2017**
	$'000	$'000
Bank overdrafts and bank borrowings (secured) (Note 23)	11,256	33,897
Finance leases (Note 24)	207	57
Loan from a shareholder (Note 27)	37,000	–
Total borrowings	48,463	33,954
Share capital (Note 28)	78,940	67,861
Foreign currency translation reserves	2,607	414
Other reserve	1,520	1,520
Retained earnings	55,722	25,944
Total equity	138,789	95,739
Gearing ratio	0.35	0.36

39. Events after reporting period as of the original financial statements (7 August 2018)

On 10 May 2018, the Group entered into a Sale and Purchase Agreement with the owners of the units to purchase all the strata lots in a development known as Villa D'Este ("Development"), Singapore for a total consideration of $93,000,000. The Development located at Dalvey Road, Singapore, is a piece of freehold land with an area of approximately 55,000 square feet.

On 4 June 2018, the Group together with LKH Property Investment Pte. Ltd. ("LKHS") incorporated a subsidiary, Dalvey Breeze Development Pte. Ltd. ("Dalvey Breeze Development"), to redevelop the Development into a high-end condominium. The Group and LKHS each holds 60% and 40% equity interest in Dalvey Breeze Development.

40. Authorisation of revised financial statements

The revised financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Directors on 30 March 2023.