

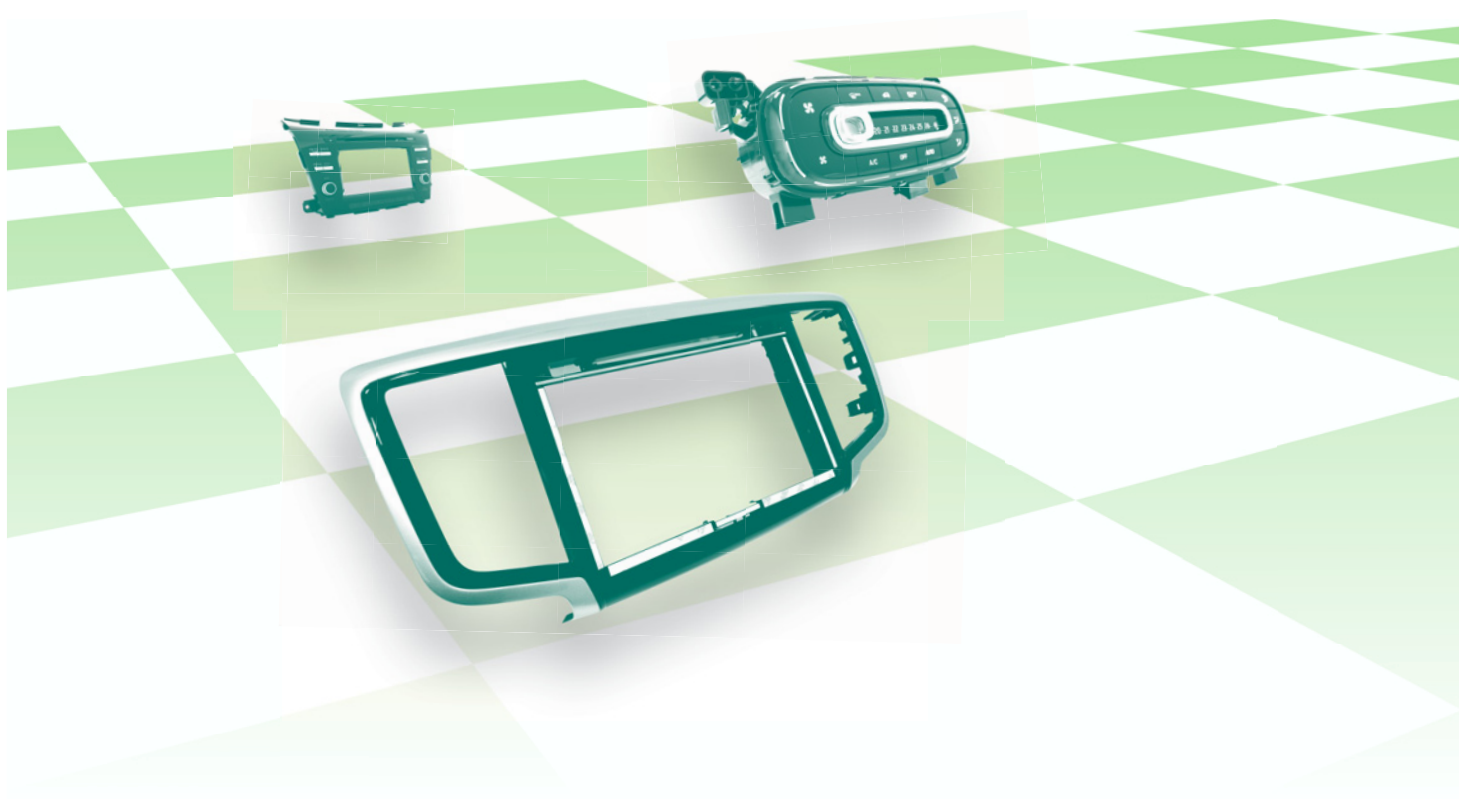
S O L I D STRATEGY

PROVEN STABILITY



fischer-tech

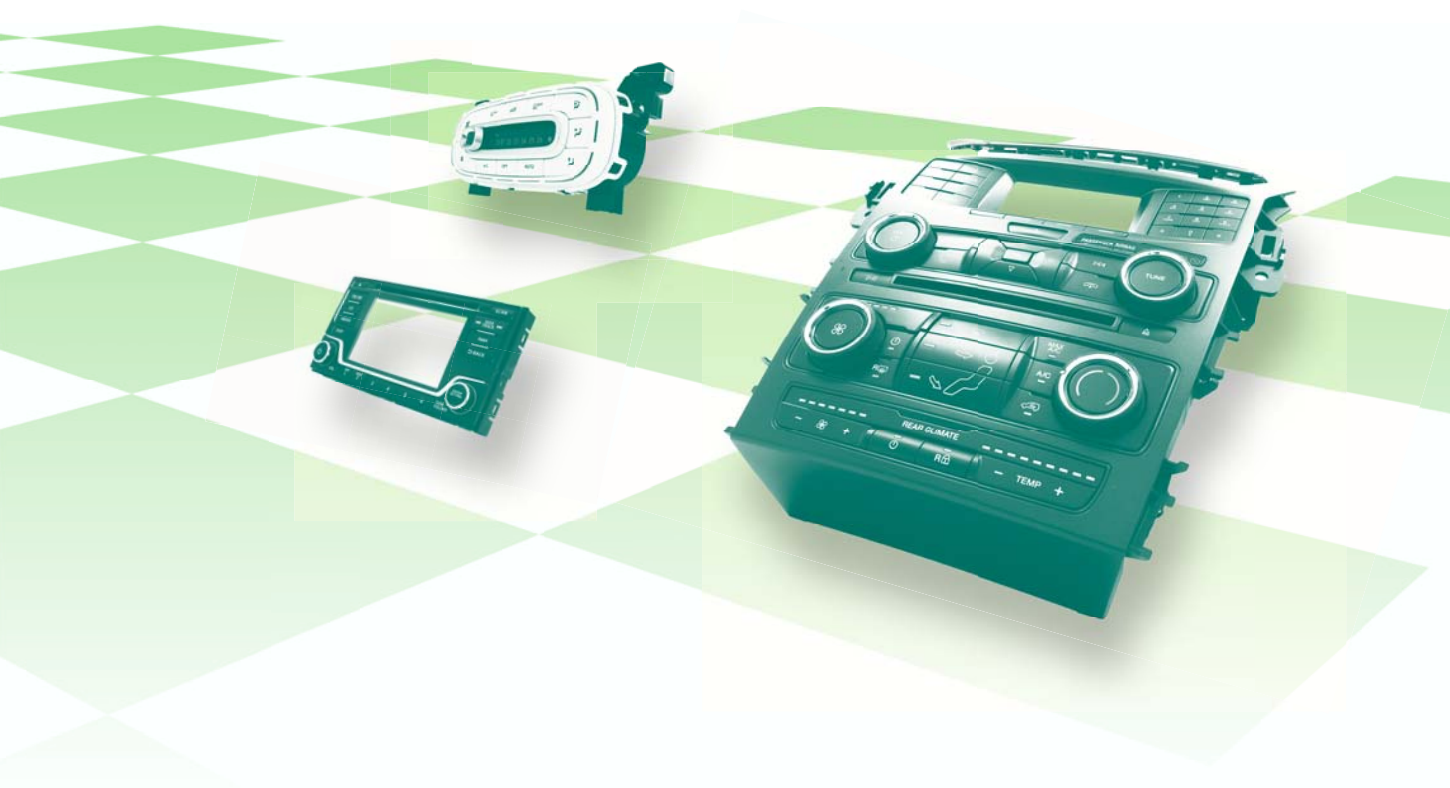
Annual Report 2016



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CORPORATE PROFILE



Fischer Tech Ltd is a specialist manufacturer of high volume precision engineering plastic components for new electronic product innovations. The Fischer Tech Group is also involved in the design and manufacture of plastic injection moulds and sub-assembly of plastic components.

ABOUT FISCHER TECH LTD

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

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

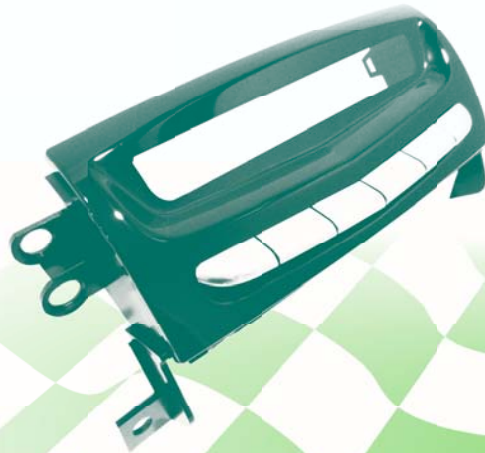
A progressive company, Fischer Tech is always on the look out for new product markets, geographical areas and strategic partners. With Research and Development division in China, manufacturing facilities in Singapore, China, Malaysia and Thailand and sales offices in the USA and Japan, it actively searches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

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

OUR EXPERTISE

2-SHOT INJECTION MOULDING

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



THIN-WALL INJECTION MOULDING

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

LASER MARKING

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



DECORATIVE FINISHING

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

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

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

Cosmetic moulding technology uses elevated mould temperatures during the polymer injection cycle followed by rapid cooling. This process results in super high gloss, moulded products without weld lines and without visible flow lines. This high gloss surfaces are obtained even with glass fibre and mineral-filled polymers. The ability to produce a very high gloss surface allows this technology to reduce total system costs by eliminating painting or substituting for other more expensive decorative processes.

POWERED BY **STRONG** CAPABILITY



Well positioned and fully focused on delivering robust performance, we continue to harness our proven production capabilities and established synergies as we eye long-term growth.

LETTER TO SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to report that Fischer Tech ('the Group') has, for the financial year ended 31 March 2016 ('FY2016') delivered an excellent set of results, setting new records for several key performance indicators. Despite weaker global economic growth and challenging business conditions adversely affecting many businesses, the Group continued to grow from strength to strength.

A SOLID PERFORMANCE

Group revenue grew by S\$19.6 million in FY2016 to reach S\$187.9 million, the highest since our founding in 1994. The 11.7% increase compared to S\$168.3 million in FY2015 was achieved amidst a continued challenging operating environment in the markets in which we operate. This could be attributed to higher orders from customers in our automotive sector, as we continued to reap the benefits of our advance manufacturing capability and "Global Platform" programmes.

At the operations level, the Group's performance also showed marked improvement. Gross profit increased by S\$8.4 million to S\$39.4 million, a significant increase of 27.1% over S\$31.0 million the year before. As a result of the Group's effective cost control measures and productivity improvement through industrial automation, gross profit margin also improved to 20.9% as compared to 18.4% in FY2015.

In line with stronger growth in revenue and gross profit margin, net profit growth also exceeded expectations, surging 73.3% to a new high of S\$13.0 million in FY2016, surpassing the previous record of S\$10.3 million recorded in FY2013. Together with revenue growth, net profit has been on an upward trajectory since FY2012 when our operations and growth momentum were temporarily disrupted by unexpected major natural disasters in the region.

ENGINEERED FOR STABLE GROWTH

Fischer Tech is a precision engineering company. Since our founding in 1994, our growth strategy has been to focus on building world class plastic injection moulding capabilities. We believe that engineering excellence is our competitive advantage and our key growth driver. Through the ebbs and flows of business cycles, we have stayed the course in building on our engineering expertise and manufacturing excellence. Our strategy to eschew short-term measures and emphasise building core engineering capabilities and good manufacturing practices for long-term sustainable growth has been proven to be successful as reflected by the Group's steady growth and stable returns to shareholders since our listing in 2001.

We manufacture and supply plastic precision components for a wide range of consumer products including automobiles, electronic, computer and medical products to the world's leading automotive companies as well as to leading electronic and medical device manufacturers. Our customers are increasingly more stringent in their requirements for higher quality and more sophisticated products at lower costs in order to meet greater demands for safe and reliable products by more discerning consumers. Against this backdrop, Fischer Tech is an important node in the global supply chain and is increasingly emerging as a global player, contributing to the production of consumer products that impact and enhance the quality of lives of consumers in the world.

Our strong growth in FY2016 is the result of the Group's continuous productivity improvement process involving every aspect of our operations, from design to procurement, manufacturing, marketing to customer service. For us, productivity is not just a



Foo Meng Tong

Tan Choon King

motivational slogan, but an enterprise-wide seamless integration and smooth flow of all processes in our production and support functions. We have a skilled and motivated workforce imbued by a positive frame of mind to continuously reduce wastage, optimise costs and improving quality. Going forward, the challenge for the Group is to be able to break new ground in capability and efficiency and continue to keep improving year after year.

CONTINUOUS IMPROVEMENT

Although the Group has performed exceptionally well in FY2016, we cannot afford to be complacent and continue business as usual. There is still room for greater efficiency improvement in our production and operational processes. We will continue to invest in R&D activities to sharpen our design-to-manufacturing process so as to extract greater value from the value chain. We have deployed factory automation applications and systems which have resulted in significant productivity improvement. We will continue to review our processes and identify areas where factory automation can be leveraged to drive productivity growth.

SIGNIFICANT CORPORATE DEVELOPMENTS

The Group successfully completed a share consolidation exercise on 1 September 2015 to comply with Singapore Exchange's minimum trading price requirement. The exercise was held ahead of the compliance review date on 1 March 2016. The consolidation exercise involved consolidating every five existing ordinary shares in the capital of the company into one ordinary share. As a result of the share consolidation exercise, the issued share capital of Fischer Tech now comprises 54,640,986 Consolidated Shares.

The Group's Fischer Tech Share Option Scheme which was adopted on 30 August 2002 for a period of 10 years had expired on 30 August 2012. As part of our strategy to retain talents whose contributions are essential to the well-being and prosperity of the Group and in order to give recognition to outstanding employees and directors who have contributed to the growth of the group, the Board has proposed to implement a new incentive scheme, Fischer Tech Performance Share Plan 2016 (PSP 2016).

The PSP 2016 will give participants an opportunity to have a personal equity interest in the company and will help to align interests of employees with the interests of shareholders of the company, retain key employees and directors of the Group, instil loyalty to and build stronger identification by employees with long-term prosperity of the company, attract potential employees

with relevant skills to contribute and create value and motivate the participant to optimise performance standards and efficiency and maintain high level of contribution to the Group.

After carefully evaluating its space requirements and various cost optimisation options, the Group has decided to relocate its corporate headquarters from Loyang Industrial Estate to a recently developed industrial cum commercial complex, LINK@AMK at Ang Mo Kio Street 62. The right-sizing of our corporate headquarters will bring about substantial cost savings and efficiency improvement which will help to strengthen our balance sheet.

CORPORATE GOVERNANCE

We believe in good corporate governance. It strengthens our competitiveness. It is essential to our thrust to be a world class manufacturer and supplier of precision engineering plastic products to the global multi-national companies. We have put in place a rigorous governance framework prescribing stringent standards of ethical practices and integrity for all our employees in all their business dealings. We have a zero tolerance for corruption or any act of dishonesty. Over the years, we have built a strong reputation of trust, credibility and reliability in the industry. For this reason and more, we continue to win more businesses from current and new multi-national clients in global markets.

PRUDENCE AND RISK MANAGEMENT

The Group's Enterprise Risk Management (ERM) framework which we implemented two years ago continued to be effective in ensuring that operations and financial risks were effectively monitored and properly managed. We continued to be alert to risks posed by the fast changing operating environment and take appropriate measures to ensure compliance with relevant statutory requirements.

The Group's record revenue and profit performances in FY2016 have contributed to strengthening our balance sheet. Net operating cash flow generated during the year amounted to S\$20.5 million, an increase of S\$5.8 million compared to the previous corresponding financial year. The Group's cash and cash equivalents as at 31 March 2016 stood at S\$39.0 million, an 8.3% increase over the S\$36.0 million as at 31 March 2015.

We have always adopted a long term view to growth and value creation. Even while it may be necessary for us to take appropriate measures to negotiate cyclical challenges, our investments in plant and machinery, R&D and capability development projects and forging collaborative alliances are geared to generate stable income from diversified streams and deliver stable returns to shareholders over the long term. However, in reviewing various investments opportunities, our ERM will ensure that risks are appropriately managed and our exposure to vulnerabilities and unexpected adverse changes in the business environment are within manageable levels.

GOING FORWARD

The global economic outlook for 2016 is subdued. Most forecasts including those by international institutions like IMF and World Bank point to continued uncertainty in the global economy. The operating environment will increasingly be more challenging. The industries in which the Group operates in continue to face headwinds caused by rising costs, restructuring and disruptive technologies. Tepid global and regional growth, currency volatility and increased competition will continue to exert pressure on our revenue and margins.

Notwithstanding that headwinds will continue to challenge us, we are confident that the Group can draw on our considerable reserves of manufacturing experience, engineering know-how, deep industry knowledge and global partnership platforms to surge ahead, increase market share and achieve steady growth.

We will continue to build on our core engineering and manufacturing competencies. We will continue to intensify our efforts in research and development, advance manufacturing and process improvement to drive greater innovations so as to produce higher quality and higher value-added products that can meet the stringent requirements of global customers.

We expect our automotive business to continue to be the key growth driver. Our advance manufacturing processes and world class precision plastic engineering capabilities have set us apart and enable us to sharpen our competitive edge in a very competitive global automotive market. Over the years, we have forged strong partnership with global automotive manufacturers and have established 'Global Platform' programmes. Under the framework of these programmes, our products are now exported to major automotive manufacturing hubs in North and Latin America, Asia and West and East Europe. We will continue to build on our strong alliances with global automotive manufacturers and enhance our 'Global Platform' programmes so as to increase our global market share and remain on track to achieve our vision to become a world class precision engineering manufacturer.

DIVIDEND

Our commitment to share the Group's success with our loyal and supportive shareholders remains intact. We are grateful for their trust and faith in our ability to deliver stable returns for them. We will continue to focus on building capabilities and adopt a balanced approach to growth, balancing return optimisation with long-term sustainable growth.

We are pleased to inform that the Board has proposed a final tax-exempt cash dividend of 3.0 cents per ordinary share and a special tax-exempt cash dividend of 2.0 cents per ordinary share, subject to shareholders' approval at the Annual General Meeting to be held on 29 July 2016. Together with the interim tax-exempt cash dividend of 2.0 cents per ordinary share paid on 8 December 2015, this will bring total dividend for FY2016 to 7.0 cents per ordinary share, an increase of 40.0% as compared to FY2015.

APPRECIATION

The Group's excellent performance in FY2016 is due to the efforts and contributions of many stakeholders. First and foremost, we would like to thank the Board of Directors for their expert oversight and advice in guiding the Group to another successful year. We would also like to thank our partners from across the world for their support and co-operation. We are also appreciative of our business associates and customers for working with and supporting us. Last but not least, we would like to express our appreciation to our management and staff in all our plants and offices for their hard work, commitment and dedication to enable Fischer Tech to enjoy a year of very strong growth.

Foo Meng Tong
Chairman

Tan Choon King
President and Chief Executive Officer

20 June 2016

CORPORATE INFORMATION

BOARD OF DIRECTORS

Foo Meng Tong
(Non-Executive Chairman)

Tan Choon King
(President and Chief Executive Officer)

Chan Kok Wai, Peter
(Executive Director)

Ng Boon Yew
(Independent Director)

Moy Kok Leng, James
(Independent Director)

Leong Hong Kiat, Amos
(Non-Executive Director)

AUDIT COMMITTEE

Ng Boon Yew
(Chairman)

Moy Kok Leng, James

Foo Meng Tong

COMPENSATION COMMITTEE

Moy Kok Leng, James
(Chairman)

Ng Boon Yew

Foo Meng Tong

NOMINATING COMMITTEE

Ng Boon Yew
(Chairman)

Moy Kok Leng, James

Foo Meng Tong

COMPANY SECRETARY

Chuang Sheue Ling (CPA)

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

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge (since financial year 2016):
Philip Ng

REGISTERED OFFICE

No. 3 Ang Mo Kio Street 62,
#02-08 LINK@AMK,
Singapore 569139
Company Registration Number: 199404532R



DRIVEN BY **FOCUSED EFFICIENCY**



Understanding the need to move
nimble in a competitive playing field,
we will carry out heightened efforts to drive
productivity and cost-efficiency across
all our operations.

REVIEW OF OPERATIONS

The financial year ended 31 March 2016 (FY2016) has been a successful one for Fischer Tech. Our business units in many geographic segments continued to grow steadily. New benchmarks in several key performance metrics were set. We continued to achieve improvements in operations efficiency and higher productivity in our core engineering and manufacturing capabilities.

In the year under review, economies worldwide continued to be roiled by uncertainty. The continuing fall in energy and commodity prices, subdued global trade and volatile financial markets weighed on the global economy. The impact of weaker growth in the major economies adversely affected many industries including those that Fischer Tech is involved in such as automotive, consumer electronics, computer peripherals and healthcare. The slowdown in China, the world's second largest economy, was felt in and beyond the Asia Pacific where we operate.

Against the backdrop of a challenging operating environment, Fischer Tech was able to harness our strong fundamentals, industry knowledge and technical expertise to remain resilient. Over the years, through our R&D efforts and continuous improvement programmes, we have built up world class precision engineering capabilities and manufacturing practices. Our strategy to focus on building core engineering competencies has stood us well and enabled the Group to grow steadily through the ebb and flow of business cycles.

YEAR IN REVIEW

During the year, we continued to make progress in enhancing our manufacturing operations. We built on the systems and process improvements that we have developed over the years. As a result of our R&D and product development efforts, we have achieved many innovations in product design, systems control and process management, enabling us to improve efficiency and productivity of our production value chain.

We have implemented industrial automation solutions in many of our manufacturing facilities. These included robotics, enterprise resource planning, computer-aided design and computer-aided manufacturing and machine-to-machine communications. These solutions enabled the Group to address the diverse challenges of skilled manpower shortage, rising labour and operating costs. Our ability to manufacture plastic injection moulded products that can meet very rigorous precision standards was also enhanced, enabling the Group to secure more business from global companies especially those in the automotive industry where requirements for more sophisticated and complex products are becoming more stringent.

Our heightened manufacturing capability also enabled the Group to optimise production capacity to handle higher production volume, mainly arising from increased sales of automotive components during the year. As a result of

higher capacity utilisation and improvement in production efficiency, Group revenue and gross profit continued the upward trajectory of double-digit growth. Total revenue increased by 11.7% to S\$187.9 million in FY2016 due to higher volume especially in the automotive sector. Gross profit grew 27.1% from S\$31.0 million in FY2015 to S\$39.4 million on the back of higher productivity and efficiency.

REVIEW OF BUSINESS SEGMENTS

Boosted by higher business volume in the automotive sector, the Group's plastic business segment, which includes precision moulding, in-mould labelling, laser etching, spray painting and UV coating, grew by 12.8% or S\$20.0 million from S\$156.7 million in FY2015 to S\$176.7 million. As a result of higher revenue and improved efficiency, profit from this segment increased significantly to S\$16.1 million, up 43.1% or S\$4.8 million compared to S\$11.3 million, the year before.

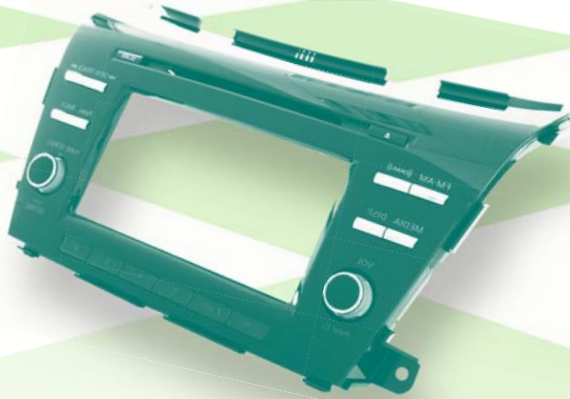
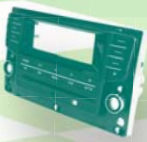
Revenue from our tooling segment, including fabrication of high quality precision moulds, remained stable, reaching S\$11.3 million in FY2016, a marginal decline of 2.9% compared to S\$11.6 million achieved in the previous year. However, profit from this segment increased by S\$0.7 million to S\$0.8 million mainly due to stringent cost control and improved efficiency.

REVIEW OF GEOGRAPHICAL SEGMENTS

Fischer Tech has manufacturing facilities in China, Malaysia, Singapore and Thailand. A review of the Group's revenue by geographical segment reveals the increasing pivotal role that our China business will play in the growth of the Group into the future. In view of its huge automotive industry, China will continue to provide tremendous growth opportunities for us. Our robust growth in this market reflects our ability to seize these opportunities. It also reflects our world class precision engineering capabilities and the high quality standards of our products, enabling us to meet the stringent requirements of our customers.

Except for Singapore where we have right sized our operations due to lower demand for plastic components from a major medical device manufacturer, the Group achieved commendable revenue in the other three geographical locations in FY2016.

Boosted by bigger orders for plastic components from customers in the automotive sector, the Group continued its strong growth momentum in China, where revenue crossed the S\$100 million benchmark in FY2015. In the year under review, revenue from our China operations once again registered double-digit growth, with an increase of S\$19.3 million or 18.9% to S\$121.6 million from S\$102.3 million in FY2015. Consequently, the proportion of the Group's total revenue accounted by our China business in FY2016 increased to 64.7%, compared to 60.8% the previous year.



Our Malaysia operations also benefited from stronger orders from the automotive sector. In FY2016, revenue surged 45.6% or S\$8.0 million to S\$25.6 million to become the second biggest contributor, accounting for 13.6% of Group revenue. In contrast, Malaysia was the Group's smallest contributor in FY2015, contributing 10.4% or S\$17.6 million.

In Thailand, our operations continued to perform well. Revenue for FY2016 was S\$21.5 million, a marginal decline of 1.4% from S\$21.8 million attained the year before. As a proportion of total revenue, contribution from Thailand was lower at 11.4% compared to 12.9% in FY2015.

Due to lower demand as well as planned cessation of sales to a medical device manufacturer, revenue from Singapore declined S\$7.3 million or 27.5% to S\$19.3 million. Given the reduced activities, the Singapore operation has right sized its production capacity so as to maintain operations efficiency and cost optimisation.

OUTLOOK AND CHALLENGES

The outlook for the global economy for FY2016 remains subdued. In an environment of financial turbulence and weak global trade, advanced economies continue to struggle to gain traction. Adding to the headwinds are concerns about the global impact of the slowdown in the Chinese economy to a more sustainable pace and its implications for industries including those which Fischer Tech is involved in.

As an international company serving customers across the world, we operate in an increasingly more complex and volatile business environment. With manufacturing and sales operations in four Asian countries, we have to manage astutely diverse regulatory and operational challenges. In particular, labour laws with regard to employment practices, environment, health and safety and retirement fund contribution in certain jurisdictions will increase our labour and overall business costs which will continue to weigh on our profitability.

Over the years, the markets for automotive, consumer electronics, computer peripherals and healthcare industries in which Fischer Tech is involved in, are becoming more

competitive, exerting increasing pressure on prices and profitability of our products. Currency volatility, geopolitical uncertainties and other disruptions beyond our control will continue to pose risks and test our resilience and sustainability.

Our steady growth over the years demonstrates our resilience and ability to rise to the challenge. Our fundamentals are strong. We have and will continue to respond to challenges by leveraging our engineering expertise to develop more sophisticated products with higher value-added content to improve profitability. We will also continue to streamline our operations and improve efficiency to better manage our costs of production and enhance our competitiveness. We will continue to implement industrial automation solutions in FY2017 to further improve productivity and enhance the value of our products.

Our 'Global Platform' programmes have served us well in the automotive industry. We are increasingly becoming the partner of choice to many global automotive manufacturers. Fischer Tech is establishing itself as the global leader in the production of precision plastic components for the automotive industry which has been expanding steadily over the years.

Despite challenges, sales of automobiles in the three main markets, China, the United States and Europe should remain steady in 2016. In particular, car sales in China continued to grow albeit at a slower pace. According to a report by the China Association of Automobile Manufacturers, automotive manufacturers sold 21.1 million passenger cars in 2015, up 7.3% year-on-year, compared to growth of 9.9% and 16.0% in 2014 and 2013 respectively. In China, as reported by various media including Wall Street Journal, Reuters, Financial Times and Bloomberg, the government in October 2015 reduced the tax on purchase of small passenger cars in a bid to boost demand in the world's largest car market. This bodes well for Fischer Tech as the automotive sector and the China segment are our key growth drivers.

Going forward, barring any unforeseen adverse circumstances, we are cautiously optimistic that Fischer Tech will continue to achieve steady growth in FY2017.

FINANCIAL HIGHLIGHTS

Performance at a Glance

Financial Year Ended 31 March

S\$'000

Income Statement

	2012	2013	2014	2015	2016
Revenue	123,676	132,523	143,211	168,265	187,944
Gross profit	14,438	26,649	26,781	30,964	39,365
EBITDA ⁽¹⁾	4,829	20,536	17,427	19,370	24,698
Profit/(loss) before taxation	(3,472)	12,188	8,935	11,291	16,868
Income tax expense	(393)	(1,836)	(2,294)	(3,808)	(3,901)
Profit/(loss) for the year	(4,339)	10,293	6,641	7,483	12,967

⁽¹⁾ Earnings before interest, taxation, depreciation and amortisation

S\$'000

Balance Sheets

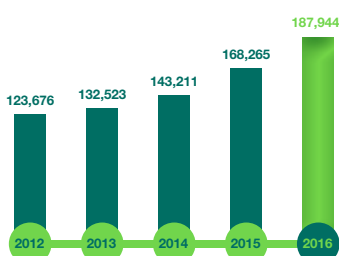
	2012	2013	2014	2015	2016
Non-current assets	40,386	44,184	41,539	36,735	36,993
Current assets	79,268	82,129	86,427	105,763	109,627
Total assets	119,654	126,313	127,966	142,498	146,620
Current liabilities	46,565	43,994	41,651	45,383	44,915
Non-current liabilities	799	1,229	1,303	1,377	1,117
Total equity	72,290	81,090	85,012	95,738	100,588

Financial Indicators

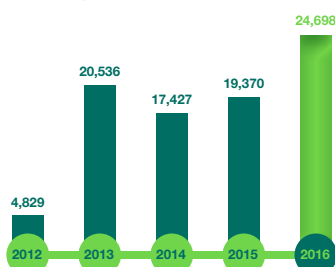
	2012	2013	2014	2015	2016
Return on equity (%)	(5.9)	13.4	8.0	8.3	13.2
Net asset value per share (cents)*	132.30	148.41	155.58	175.21	184.09
Earnings per share (cents)*	(7.94)	18.84	12.15	13.70	23.73

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

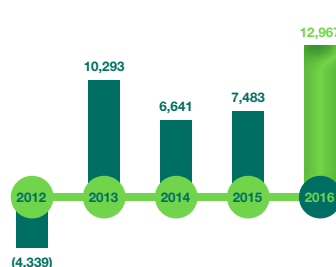
REVENUE (S\$'000)



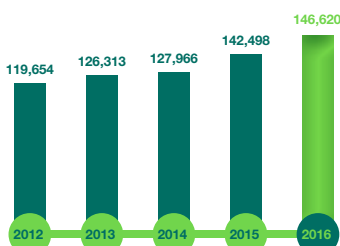
EBITDA FOR THE YEAR (S\$'000)



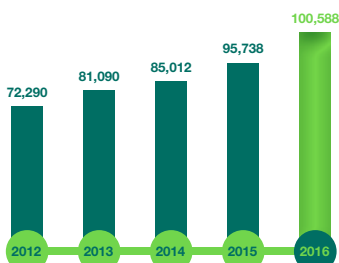
PROFIT/(LOSS) FOR THE YEAR (S\$'000)



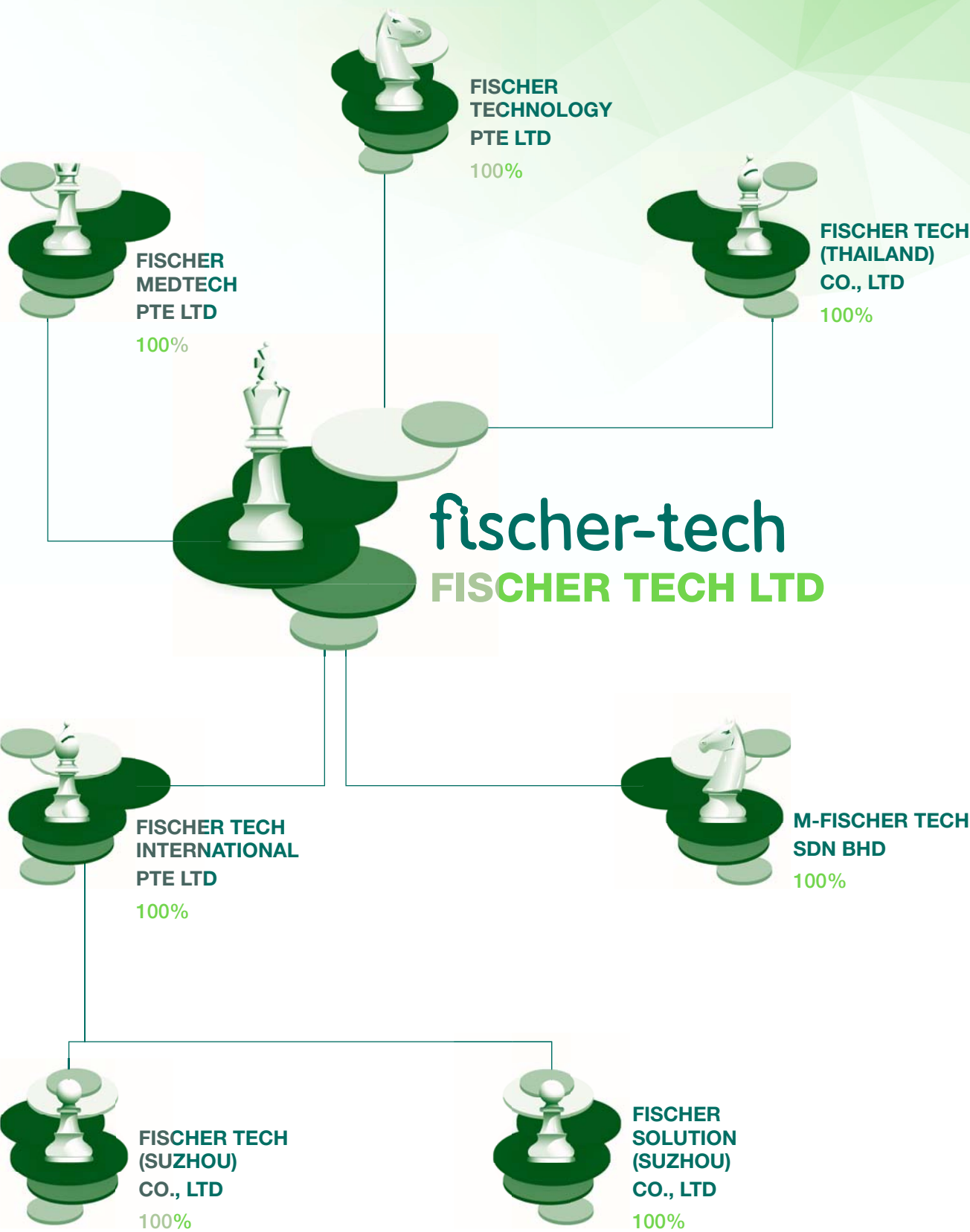
TOTAL ASSETS (S\$'000)



TOTAL EQUITY (S\$'000)



CORPORATE STRUCTURE



BOARD OF DIRECTORS



1. FOO MENG TONG

Mr Foo Meng Tong (appointed 1st March 1998, last re-appointed 31st July 2015) is a non-executive director of the Company. He is Chairman of the Board of Directors from 1st August 2000. He is also a member of the Audit, Nominating and Compensation Committees. Mr Foo is a director of public-listed company, DMX Technologies Group Ltd. Mr Foo worked for the Economic Development Board for a total of 26 years until April 1993. His last position there was Director, Industry Development and concurrently General Manager of EDB Investments Pte Ltd. During 1994 to 1997, Mr Foo served as Singapore's Ambassador to France with concurrent accreditations to Spain, Portugal, Switzerland (1994 to 1996) and Israel (1996 to 1997).

2. TAN CHOON KING

Mr Tan Choon King (appointed 18th July 1994) is the founder, President and Chief Executive Officer of the Company. Mr Tan has over 30 years of experience in the plastic injection moulding industry. He began his career at Asian Machine Pte Ltd in 1977 as a technician and progressed to the position of Engineering Manager when he left in 1987. He subsequently joined Tong Aik Plastic Factory Pte Ltd ("Tong Aik") in 1987. He was promoted to General Manager in 1990 and became a member of its Board of Directors in 1992. Mr Tan obtained his Craftsmanship Certification (Tool and Die Making) from the Rollei Government Training Centre (RGTC). He also holds a National Trade Certificate (Tool and Die Making) from the Institute of Technical Centre and was awarded a scholarship to Japan sponsored by Asian Machine Pte Ltd under the auspices of the Association of Technical Scholarship. During his stint in Japan, he was attached to Hitachi Works Ltd where he received training in plastics mould design and fabrication as well as plastics processing and secondary processes. He also received a Full Technology Certification in Mechanical Engineering from the City and Guilds of London Institute in 1983 and holds a Certificate in Industrial Management (UK) from the Management Development Institute of Singapore (MDIS), which he received in 1985.

3. CHAN KOK WAI, PETER

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



4. NG BOON YEW

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

5. MOY KOK LENG, JAMES

Mr Moy Kok Leng, James (appointed 2nd January 2003, last re-elected 30th July 2013) is a non-executive and independent director of the Company. He is also Chairman of the Compensation Committee and a member of the Audit and Nominating Committees. Mr Moy is a Certified Management Consultant and a Corporate Trainer. He runs his own successful, 34 year-old consultancy practice serving many clients. His consultancy specialises in the areas of strategic change and organisational renewal, leadership development, sales and marketing and customer relationship, as well as in executive coaching and in personal development. He holds qualifications in management consultancy, business administration, personnel management and banking. He is also a Fellow Member of the Institute of Management Consultants (Singapore). Mr Moy has previously worked in senior management positions in several large and smaller organisations.

6. LEONG HONG KIAT, AMOS

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

KEY MANAGEMENT

TAY KOK LEONG

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

TAN CHEE BUN, GORDON

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

TAY NGEE JOO

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

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

ANG YANN SIANG

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

Mr Ang spent 6 years from 2000 to 2006 in Omni Plastic (Suzhou) Co., Ltd, where he was in charge of the operations of its Suzhou factory. He holds a National Trade Certificate in Mechatronic.

JITTI LIMIM

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

LEE CHENG KIANG NICHOLAS

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE VALUES GOVERNING CONDUCT OF BUSINESS

The Board of Directors is committed to ensuring that all employees of Fischer Tech conduct their business with high standards of integrity and business ethics and in compliance with the relevant regulatory requirements. The Group has in place a Code of Business Ethics, a framework for inculcating in employees a culture of responsibility, honesty and accountability and for ensuring adherence to the highest standards of honesty and integrity in all their dealings and relationships with customers, suppliers and colleagues.

The Group has a Whistle Blowing Policy which provides a channel for employees to report incidents of unethical or questionable practices, transactions or unbecoming behaviour on the part of employees or business partners. The whistle blower will be accorded protection from reprisals and victimisation.

In line with our efforts to integrate high ethical standards into the Group's corporate values, we conduct group discussions and organise social activities that can inspire our employees to uphold high moral and ethical standards. One such activity during the year was organised by employees from Fischer Tech Thailand where workers spent one weekend to offer oblations and food to monks. It was believed that by doing good deeds and having good thoughts, a person could achieve a higher level of spirituality and moral values.

ENVIRONMENT, HEALTH & SAFETY

As a leading precision engineering company, with plastic injection moulding and related manufacturing activities in four Asian countries, we have and will continue to initiate measures to mitigate the impact of our production activities on the environment and reduce workplace safety and health risks. In this regard, we have achieved ISO14001 and OHSAT18001 certification for most of the Group's facilities.

During the year, management and supervisors conducted regular talks and discussions to increase employees' awareness of and encourage them to comply with the Group's Environment, Health and Safety (EHS) policy and guidelines. Activities were organised to impart safety awareness and skills to workers.



In Thailand, our plant organised a Safety Week including a wide range of activities to raise awareness of safety among employees and to teach basic operations skills and shop floor practices that would enhance accident avoidance. During the activities, employees committed to achieve a "zero accident" goal annually. Our Thailand plant also organised a fire prevention activity during which employees learned safe workplace practices aimed at preventing fire in the facilities as well as knowledge on how to use simple fire-fighting equipment such as fire extinguisher.

In our manufacturing plants in China, employees underwent safety education and fire prevention programmes. They were also given hands-on training in the use of different kinds of fire protection equipment and in learning relevant skills to enable them to respond appropriately in the event of any fire incidence.

FAIR EMPLOYMENT PRACTICES

Good and fair employment practices are critical in attracting and retaining talents for any business. As Fischer Tech is involved in advanced manufacturing and high-tech precision engineering, the availability of skilled manpower is critical to our competitiveness and long-term sustainability.

We also respect the right of every individual to have the opportunity for meaningful employment which can enable them to realise their potential, provide for their families and lead fulfilled lives. As a responsible corporate citizen, we adhere strictly to all relevant labour laws in the countries where we operate. For a publicly-listed company, these are issues of interest to our employees, investors, regulators and the community. As such, our human resource policies are based on fair employment practices and are geared towards upholding a committed, motivated and happy workforce. We provide employment opportunities to people with the appropriate skill sets, values and potential regardless of their race, gender or religious affiliation. We are committed to developing the best people to provide the best products and services for our customers.

CORPORATE SOCIAL RESPONSIBILITY



DEVELOPING A SKILLED AND COMMITTED WORKFORCE

Although our workforce spans four countries in Asia, we are united in our commitment to work together and to improve our skills continuously so that the Fischer Tech brand is internationally recognised for our ability to deliver the highest quality products and services to our customers. We have and will continue to invest in the training and development of our human resource assets and to imbue in each of our worker skill sets, values and attitudes which are aligned with the Group's growth strategy.

During the year, various education and development programmes were conducted to upgrade the skills of our workers. Through these programmes, our workers were able to develop the confidence and relevant skill sets to help them improve their performances and enhance their capabilities to contribute to the growth of the company. They were trained to use their skills and innovative ideas to make decisions and solve operations problems on the shop floor, contributing to new innovations and improvement in operations processes and efficiency.

Recreational activities such as sports days were also organised to enable our staff to have better work-life balance and lead fulfilling lives.

BUILDING A STRONG TEAM

As a high tech company, our products are sophisticated and manufacturing processes complex. A strong culture of team work is essential to harness the synergies of advanced technologies, precision machines and modern manufacturing systems. As a first step in fostering a culture of trust and cooperation, management and staff held regular dialogue sessions both in-house and off-site to discuss strategies and goals and build trust between management and workers.

During the year, many corporate and team building activities were organised to recognise workers for their hard work and contributions and also to enhance team spirit and

build camaraderie. Management and staff participated in these activities which contributed to increased bonding and stronger labour-management relations.

In Thailand, our subsidiary organised the annual Songkran Day activities to celebrate the New Year. These activities served to reinforce in our employees, the sense of belonging in Fischer Tech, and viewed the company as one big family where everyone can work together and share the fruits of success of the company. Activities which are rich in symbolic traditions included younger workers pouring water over the palms of the elders as a way to show respect. There were also much food and merry making.

In China, our subsidiaries organised several tours and excursion activities to show appreciation to our staff for their contributions. These activities also allowed management and workers to engage in fun and social settings which helped to strengthen labour-management relations and built esprit de corps among rank-and-file employees. In addition, sporting activities and games were also organised to encourage team work through competition. Birthdays were celebrated to recognise the contributions of each individual worker.

CORPORATE SOCIAL EVENTS

During the year, many social and sport activities were organised. They were useful and effective in enabling staff to relax and rejuvenate. These events also provided platforms for the Group to recognise the achievements and contributions of outstanding staff and to inspire the workforce to strive for higher performance individually and collectively. The much anticipated social event of the year in each of the subsidiaries was the Annual Dinner. The annual dinners were useful in rewarding staff for their hard work and contributions during the year. The entire workforce came together to enjoy an evening of fun and feasting.

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



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CORPORATE GOVERNANCE REPORT

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

THE BOARD’S CONDUCT OF AFFAIRS

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

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

The Board’s principal functions include the following:

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

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

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

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

CORPORATE GOVERNANCE REPORT

- (d) Matters relating to the proper corporate and financial governance and performance of the company and its group companies such as approval of financial and capital expenditure budgets and adoption of annual accounts and declaration of dividends.

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

The Board conducts at least two meetings a year. Additional meetings are convened when deemed necessary by the Board. In financial year 2016, the directors conducted 2 Board meetings, 4 Audit Committee meetings, 1 Compensation Committee meeting and 1 Nominating Committee meeting. The directors' attendances at these meetings were as follows:

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

Note:

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

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

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

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

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

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

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

As at 31 March 2016, the two independent directors have served on the Board for more than nine years from the date of their respective first appointments. In subjecting the independence of Mr Ng Boon Yew and Mr Moy Kok Leng, James to particularly rigorous review, the Nominating Committee and the Board have (with each of them abstaining from discussion and deliberation on their independence) placed more emphasis on whether each of them has demonstrated independent judgment, integrity, professionalism and objectivity in the discharge of his duties rather than imposing a maximum number of years that he should serve. The Nominating Committee and the Board have noted that each of them has not hesitated to express his own viewpoints as well as seeking clarification from Management on issues he deems necessary. It is noted that each of them is able to exercise objective judgment on corporate matter independently, in particular from Management and 10% shareholders, notwithstanding that each of them has served more than 9 years on the Board. After due consideration and careful assessment, the Nominating Committee and the Board are of the view that Mr Ng Boon Yew and Mr Moy Kok Leng, James remain independent.

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

CORPORATE GOVERNANCE REPORT

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

The Chief Executive Officer ("CEO") is Mr Tan Choon King, the most senior executive in the Company who bears executive responsibility for the management of the Company and the Group. He is also the Managing Director and is responsible for the running of the Group's business and has the full executive responsibilities over the business directions and operational decisions of the Group. The Managing Director need not retire by rotation as provided by the Constitution of the Company. Under Guideline 3.3 of the Code, every company should appoint an independent director to be the lead independent director where the Chairman and the CEO is the same person or are immediate family members or the Chairman is part of the management team or is not an independent director. The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer ("CFO") or equivalent, has failed to resolve or is inappropriate.

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

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP AND BOARD PERFORMANCE

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

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

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

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

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

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

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

The NC has recommended that Mr Moy Kok Leng, James, who is retiring by rotation pursuant to Article 91 of the Company’s Constitution, at the forthcoming AGM, be re-elected.

The NC has also recommended the re-appointment of Mr Foo Meng Tong at the forthcoming AGM. Mr Foo was re-appointed to the Board at the Annual General Meeting held on 31 July 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the “Act”) which was in force immediately before 3 January 2016. Pursuant to Section 153(6) of the Act, such re-appointment will be until the next Annual General Meeting. Accordingly, as his appointment will lapse at the forthcoming Annual General Meeting, Mr Foo is subject to re-appointment at the forthcoming Annual General Meeting.

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

CORPORATE GOVERNANCE REPORT

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

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

Note:

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

ACCESS TO INFORMATION

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

A breakdown of the level and mix of remuneration paid to directors and top five key management personnel in remuneration bands of \$250,000 for financial year ended 31 March 2016 are as follows:

Remuneration Bands and Names of Directors	Salary %	Bonus/ Profit Sharing %	Allowances/ Other Benefits %	Fees ⁽¹⁾ %	Total %
Between \$2,500,000 to \$2,749,999					
Tan Choon King	30	67	3	–	100
Between \$1,250,000 to \$1,499,999					
Chan Kok Wai, Peter	27	70	3	–	100
Below \$250,000					
Foo Meng Tong	–	–	–	100	100
Ng Boon Yew	–	–	–	100	100
Moy Kok Leng, James	–	–	–	100	100
Leong Hong Kiat, Amos ⁽²⁾	–	–	–	100	100

Note:

⁽¹⁾ Subject to approval as a lump sum at the Annual General Meeting ("AGM") for financial year ended 31 March 2016.

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

CORPORATE GOVERNANCE REPORT

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

Remuneration Bands of top 5 key personnel who are not Directors or CEO	Salary %	Bonus/ Profit Sharing %	Allowances/ Other Benefits %	Total %
Between \$750,000 to \$999,999				
Tay Kok Leong	37	57	6	100
Between \$500,000 to \$749,999				
Ang Yann Siang	33	63	4	100
Tan Chee Bun Gordon	44	47	9	100
Between \$250,000 to \$499,999				
Tay Ngee Joo	62	26	12	100
Jitti Limim	49	48	3	100

The aggregate total remuneration paid to the top 5 key management personnel was S\$2.59 million.

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

The remuneration of an employee who is an immediate family member of a director for financial year ended 31 March 2016 is as follows:

Name of employee who is related to a Director	Salary %	Bonus %	Allowances/ Other Benefits %	Total %
Between \$50,000 to \$99,999				
Tan Kuan Yan, Justin	88	6	6	100

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

ACCOUNTABILITY

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

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

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

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

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS AND AUDIT COMMITTEE

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

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

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

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and the statutory audit conducted by the external auditor, and reviews performed by Management and various Board committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management, were adequate and effective as at 31 March 2016 to meet the needs of the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

- (1) Review the audit plans and the scope of examination of the external auditor and the internal audit function of the Company;
- (2) Review the annual, half-yearly and quarterly financial statements of the Company as well as, where applicable, the external auditor's report thereon;
- (3) Review the reports of the internal audit function;
- (4) Review the effectiveness of the Company's system of accounting and financial controls;
- (5) Review and report to the Board at least annually the adequacy and effectiveness of company's internal controls, including financial, operational, compliance and information technology controls;
- (6) Review the risk management structure and overall risk tolerance including current risk exposures and future risk strategy, oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- (7) Review interested person transactions to ensure such transactions are conducted at arm's length and on normal commercial terms;
- (8) Review the independence and objectivity of the external auditor annually;
- (9) Review the nature and extent of non-audit services performed by the external auditor;
- (10) Consider the re-appointment of external auditor before recommending to the Board for approval;
- (11) Examine whatever aspects it deems appropriate of the Group's financial affairs, its external audits and its exposure to risks of a regulatory or legal nature;
- (12) Review whistle-blowing investigations within the Group and to ensure appropriate follow-up action, if required; and
- (13) Conduct investigations into any matter within its terms of reference.

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

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

The AC held four meetings during the financial year 2016.

CORPORATE GOVERNANCE REPORT

The AC has reviewed the nature and extent of non-audit services provided by Ernst & Young LLP (“EY”) and the fees paid for its audit services, non-audit services and the aggregate amount of fees paid in respect of the financial year ended 31 March 2016. The AC has reviewed the nature and amount of non-audit fees paid to the external auditor and is of the view that the independence of EY as external auditor of the Company has not been compromised.

The AC has also reviewed and confirmed that EY is a suitable audit firm to meet the Company’s audit obligations, having regards to the adequacy of resources and experience of the firm and the assigned audit engagement partner, EY’s other audit engagements, size and complexity of the Fischer Tech Group, number and experience of supervisory and professional staff assigned to the audit. Accordingly, the AC recommended to the Board the re-appointment of EY as External Auditor of the Group for the financial year ending 31 March 2017. The Company has complied with Rule 712 of the Listing Manual.

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

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

INTERNAL AUDIT

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDERS’ MEETINGS

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

To promote greater transparency and effective participation, the Company has started to conduct voting of all its resolutions by poll at all Annual General Meetings and Extraordinary General Meetings since last year. The detailed voting results, including the total number of votes cast for or against each resolution tabled, are announced at the Annual General Meetings and Extraordinary General Meetings and on SGX-ST's website via SGXNET.

DIVIDEND POLICY

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

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

DEALING IN SECURITIES

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

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

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

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

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

Save for the service contracts of the executive directors and a consultancy agreement with the Chairman of the Board, there were no material contracts involving the interests of any directors or substantial shareholders as at 31 March 2016.

INTERESTED PERSON TRANSACTIONS

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

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

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

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

* S\$180,000 represented 0.20% of the Group NTA of S\$89,885,000 as at 31 March 2015.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Fischer Tech Ltd (the “Company”) and its subsidiary companies (collectively, the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheets 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 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

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

Foo Meng Tong retires and being eligible, offers himself for re-appointment and in accordance with Article 91 of the Company's Constitution, Moy Kok Leng, James retires and, being eligible, offers himself for re-election.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year ⁽¹⁾	At the end of financial year
<i>Ordinary shares of the holding company (Harmony (S) Holdings Pte Ltd)</i>				
Tan Choon King	475,000	475,000	–	–
Foo Meng Tong	25,000	25,000	–	–
<i>Ordinary shares of the Company</i>				
Tan Choon King	–	–	31,257,133	31,257,133
Ng Boon Yew	30,000 ⁽¹⁾	30,000	–	–

Name of director	Held in the name of directors	
	At the beginning of financial year ⁽¹⁾	At the end of financial year
<i>Share options of the Company</i>		
Chan Kok Wai, Peter		
– Options to subscribe to ordinary shares (exercisable at \$1.625 ⁽²⁾ per share)	100,000	–

⁽¹⁾ On 1 September 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company ("Share Consolidation"). Directors' interest in shares and share options as at beginning of the financial year have been adjusted as if the Share Consolidation had occurred at beginning of the financial year.

⁽²⁾ On 1 September 2015, the exercisable price of the share options has been adjusted from \$0.325 to \$1.625 due to the Share Consolidation.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2016.

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

DIRECTORS' STATEMENT

5. SHARE OPTIONS

The Fischer Tech Share Option Scheme (the "Scheme") was approved at an Extraordinary General Meeting held on 30 August 2002.

The Scheme is opened to full-time employees, executive directors and non-executive directors, subject to certain conditions being satisfied. The Scheme does not extend to Controlling Shareholders or their associates (as defined in the SGX-ST Listing Manual).

The "subscription price" of an option shall be equal to the market price but not less than \$0.75 or at a "discounted subscription price", whereby the discount shall not exceed 20% of the market price as at the date of grant of the option.

The Scheme entitles option holders to exercise their options (other than an option granted at a discount) after one year from the date of grant of the option provided always that an option shall be exercised before the end of 120 months (or 60 months where the option holder is a non-executive director) from the date of grant of that option. Discounted options are exercisable after two years from the date of the grant of the option provided always that such option shall be exercised before the end of 120 months (or 60 months where the option holder is a non-executive director) from the date of grant of the option.

The Scheme will operate for a maximum duration of 10 years and the total number of shares that may be issued cannot exceed 15% of the issued share capital of the Company.

The Committee administering the Scheme comprises the following directors:

Moy Kok Leng, James (Chairman)
Ng Boon Yew
Foo Meng Tong

There were no share options granted since the end of the financial year ended 31 March 2006.

Details of the options to subscribe for ordinary shares of the Company granted to employees of the Company pursuant to the Scheme are as follows:

Date of grant	Balance at 01.04.15	Expired at 01.09.15	Balance outstanding at 01.09.15	Share Consolidation	Balance outstanding at 01.09.15	Expired at 31.03.16	Balance outstanding at 31.03.16	Exercise price	Expiry date
16.11.2005	3,060,000	(200,000)	2,860,000	(2,288,000)	572,000	(572,000)	–	\$1.625	15.11.2015
	3,060,000	(200,000)	2,860,000	(2,288,000)	572,000	(572,000)	–		

These options do not entitle the holders to participate, by virtue of the options, in any share issue of any other corporation. Since the commencement of the Scheme, 1,987,000⁽¹⁾ options have been exercised as at the date of this report. No unissued shares other than those referred to above, are under options as at the date of this report.

The share option scheme expired in August 2012.

DIRECTORS' STATEMENT

5. SHARE OPTIONS (CONT'D)

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Scheme are as follows:

Name of director	Exercise period	Aggregate options granted since commencement of scheme to end of financial year ⁽¹⁾	Aggregate options exercised since commencement of scheme to end of financial year ⁽¹⁾	Aggregate options expired since commencement of scheme to end of financial year ⁽¹⁾	Aggregate options outstanding as at end of financial year	Exercise Price ⁽¹⁾ \$
Foo Meng Tong	2003 – 2010	160,000	(40,000)	(120,000)	–	0.905 – 2.710
Ng Boon Yew	2003 – 2010	120,000	(30,000)	(90,000)	–	0.905 – 2.710
Moy Kok Leng, James	2004 – 2010	90,000	–	(90,000)	–	1.625 – 2.710
Leong Hong Kiat, Amos	2006 – 2010	30,000	–	(30,000)	–	1.625
Chan Kok Wai, Peter	2006 – 2015	100,000	–	(100,000)	–	1.625

Only one employee, Tay Kok Leong has received 5% or more of the total number of options granted under the Scheme.

Saved as disclosed above, no other employee or director of the Group has received 5% or more of the total number of options available under the Scheme.

There were no options granted at a discounted subscription price. As at 31 March 2016, there are no outstanding share options.

⁽¹⁾ On 1 September 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. The share options and exercise price of the share options have been adjusted for the effect of the Share Consolidation.

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

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

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

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

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

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

DIRECTORS' STATEMENT

7. AUDITORS

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

On behalf of the board of directors,

Foo Meng Tong
Director

Tan Choon King
Director

Singapore
13 June 2016

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2016

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Fischer Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 39 to 96, which comprise the balance sheets of the Group and the Company as at 31 March 2016, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company 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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
13 June 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2016

		Group	
	Note	2016 \$'000	2015 \$'000
Revenue	4	187,944	168,265
Cost of sales		(148,579)	(137,301)
Gross profit		39,365	30,964
Interest income	5	99	84
Other income	6	1,641	1,010
Distribution and selling expenses		(3,793)	(3,349)
Administrative expenses		(20,099)	(17,368)
Finance costs	7	(345)	(486)
Share of profit of associated companies		–	436
Profit before taxation	8	16,868	11,291
Taxation	9	(3,901)	(3,808)
Profit for the year attributable to owners of the Company		12,967	7,483
Earnings per share attributable to owners of the Company (cents per share)			
– Basic and diluted	10	23.73	13.70

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Group	
	2016 \$'000	2015 \$'000
Profit for the year	12,967	7,483
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit plan	–	91
	–	91
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(4,292)	4,369
Share of other comprehensive income of associated companies	–	136
Transfer to profit or loss upon disposal of associated companies	–	304
Transfer to profit or loss upon liquidation of a subsidiary	–	(18)
	(4,292)	4,791
Other comprehensive income for the year, net of tax	(4,292)	4,882
Total comprehensive income for the year attributable to owners of the Company	8,675	12,365

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

BALANCE SHEETS

As at 31 March 2016

		Group		Company	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current assets					
Plant and equipment	11	30,736	30,320	673	702
Goodwill and other intangible assets	12	5,762	5,853	76	28
Investments in subsidiary companies	13	–	–	27,121	27,121
Loans due from subsidiary companies	14	–	–	19,591	17,091
Deferred tax assets	22	495	562	–	–
		36,993	36,735	47,461	44,942
Current assets					
Inventories	15	20,429	20,659	128	217
Trade and other receivables	16	47,526	46,921	9,296	11,852
Other assets	17	894	433	–	–
Prepayments		1,826	1,788	64	47
Cash and short-term deposits	18	38,952	35,962	15,462	14,467
		109,627	105,763	24,950	26,583
Current liabilities					
Trade and other payables	19	36,928	34,728	8,460	8,661
Loans and borrowings	20	7,237	9,720	1,574	1,574
Derivatives	21	–	6	–	4
Income tax payable		750	929	–	–
		44,915	45,383	10,034	10,239
Net current assets		64,712	60,380	14,916	16,344
Non-current liabilities					
Loans and borrowings	20	221	349	181	255
Provision for defined benefit plan		351	326	–	–
Deferred tax liabilities	22	545	702	–	–
		1,117	1,377	181	255
Net assets		100,588	95,738	62,196	61,031
Equity attributable to owners of the Company					
Share capital	23	57,787	57,787	57,787	57,787
Share option reserve	24	–	335	–	335
Foreign currency translation reserve	25	(409)	3,883	–	–
Retained earnings		36,382	28,747	4,409	2,909
Statutory reserve	26	6,828	4,986	–	–
Total equity		100,588	95,738	62,196	61,031

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

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

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Equity attributable to owners of the Company, total \$'000	Attributable to owners of the Company					
		Share capital \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Reserve on acquisition of non-controlling interests \$'000	Retained earnings \$'000	Statutory reserve \$'000
2015 Group							
Opening balance at 1 April 2014	85,012	57,787	1,063	(908)	101	23,574	3,395
Profit for the year	7,483	-	-	-	-	7,483	-
<u>Other comprehensive income</u>							
Foreign currency translation	4,369	-	-	4,369	-	-	-
Share of other comprehensive income of associated companies	136	-	-	136	-	-	-
Transfer to profit or loss on disposal of associated companies	304	-	-	304	-	-	-
Transfer to profit or loss on liquidation of a subsidiary company	(18)	-	-	(18)	-	-	-
Actuarial gain on defined benefit plan	91	-	-	-	-	91	-
Other comprehensive income for the year, net of tax	4,882	-	-	4,791	-	91	-
Total comprehensive income for the year	12,365	-	-	4,791	-	7,574	-
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	34	-	-	-	-	(1,639)	-
<u>Others</u>							
Transfer to statutory reserve	-	-	-	-	-	(1,591)	1,591
Expiry of share options	-	-	(728)	-	-	728	-
Transfer to retained earnings on liquidation of a subsidiary company	-	-	-	-	(101)	101	-
Total others	-	-	(728)	-	(101)	(762)	1,591
Closing balance at 31 March 2015	95,738	57,787	335	3,883	-	28,747	4,986

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Note	Equity, total \$'000	Share capital \$'000	Share option reserve \$'000	Retained earnings \$'000
2016					
Company					
Opening balance at 1 April 2015		61,031	57,787	335	2,909
Profit, net of tax and representing other comprehensive income for the year		4,990	–	–	4,990
Total comprehensive income for the year		4,990	–	–	4,990
<u>Contributions by and distribution to owners</u>					
Dividends on ordinary shares	34	(3,825)	–	–	(3,825)
<u>Others</u>					
Expiry of share options		–	–	(335)	335
Closing balance at 31 March 2016		62,196	57,787	–	4,409
2015					
Company					
Opening balance at 1 April 2014		62,248	57,787	1,063	3,398
Profit, net of tax and representing other comprehensive income for the year		422	–	–	422
Total comprehensive income for the year		422	–	–	422
<u>Contributions by and distribution to owners</u>					
Dividends on ordinary shares	34	(1,639)	–	–	(1,639)
<u>Others</u>					
Expiry of share options		–	–	(728)	728
Closing balance at 31 March 2015		61,031	57,787	335	2,909

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2016

	Note	Group 2016 \$'000	2015 \$'000
Cash flows from operating activities:			
Profit before taxation		16,868	11,291
Adjustments for:			
Interest income	5	(99)	(84)
Net fair value (gain)/loss on derivatives	6, 8	(6)	38
Net loss/(gain) on disposal of plant and equipment	6, 8	148	(2)
Finance costs	7	345	486
Depreciation of plant and equipment	8	7,187	7,390
Impairment loss on plant and equipment	8	15	34
Plant and equipment written off	8	558	67
Amortisation of intangible assets	8	298	203
Allowance for inventory write down	8	1,151	495
Inventories written off	8	39	160
Bad debts written off	8	–	35
Loss on disposal of associated companies	8	–	633
Provision for defined benefit plan		56	34
Share of profit of associated companies		–	(436)
Currency translation differences		(2,288)	2,730
Operating profit before working capital changes		24,272	23,074
<u>Changes in working capital</u>			
Increase in inventories		(960)	(3,457)
Increase in trade and other receivables		(603)	(8,619)
Increase in prepayments		(38)	(260)
Increase in trade and other payables		2,200	7,329
Total changes in working capital		599	(5,007)
Cash flows from operations		24,871	18,067
Interest paid		(345)	(486)
Interest received		99	84
Income taxes paid		(4,152)	(2,982)
Net cash flows from operating activities		20,473	14,683

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2016

	Note	Group	
		2016 \$'000	2015 \$'000
Cash flows from investing activities:			
Purchases of plant and equipment	11	(9,535)	(4,811)
Additions to intangible assets	12	(209)	(284)
Down-payments placed for acquisition of plant and machinery		(857)	(343)
Proceeds from disposal of plant and equipment		171	106
Net proceeds from disposal of associated companies		–	3,494
Currency translation differences		294	(204)
Net cash flows used in investing activities		(10,136)	(2,042)
Cash flows from financing activities:			
Dividends paid	34	(3,825)	(1,639)
Proceeds from loans and borrowings		–	1,016
Repayment of loans and borrowings		(2,168)	(5,096)
Repayment of obligations under finance leases		(138)	(120)
Currency translation differences		57	(118)
Net cash flows used in financing activities		(6,074)	(5,957)
Net increase in cash and cash equivalents		4,263	6,684
Effect of exchange rate changes on cash and cash equivalents		(1,273)	1,017
Cash and cash equivalents at 1 April		35,962	28,261
Cash and cash equivalents at 31 March	18	38,952	35,962

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

1. CORPORATE INFORMATION

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

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

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

The principal activities of the subsidiary companies are disclosed in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 16 and FRS 41 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-Current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
(d) Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

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

FRS 109 Financial Instruments

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

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

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

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

(b) *Business combinations and goodwill*

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

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

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

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

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

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

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

2.5 Foreign currency

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

(a) *Transactions and balances*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.5 Foreign currency (cont'd)

(b) Consolidated financial statements

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

2.6 Plant and equipment

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

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

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

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

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

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

2.7 Intangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.7 Intangible assets (cont'd)

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

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

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

2.8 Impairment of non-financial assets

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

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

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

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

2.9 Investments in subsidiary companies

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.10 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

(ii) *Loans and receivables*

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

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.10 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

(ii) *Financial liabilities at amortised cost*

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

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.11 Impairment of financial assets

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

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

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

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

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

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

2.12 Inventories

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.13 Cash and cash equivalents

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

2.14 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.

2.15 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.

2.16 Employee benefits

(a) *Defined contribution plans*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.16 Employee benefits (cont'd)

(b) *Defined benefit plan*

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

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

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

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

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

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

(c) *Employee leave entitlement*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.16 Employee benefits (cont'd)

(d) *Employee share options*

The Company has a share option scheme adopted in 2002 for the granting of share options to eligible employees and directors of the Group to subscribe for ordinary shares in the Company.

Employees of the Group receive remuneration in the form of share options as consideration for services rendered.

The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

When the options are exercised, the share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2.17 Leases

As lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.18 Government grants

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

2.19 Revenue

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

(a) *Sale of plastic injection components*

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

(b) *Tooling revenue*

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

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.20 Taxes (cont'd)

(b) *Deferred tax*

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

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

2.20 Taxes (cont'd)

(c) Sales tax

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

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

2.21 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.

2.22 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any judgement which will have significant effect on the amounts recognised in the consolidated financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Investments in subsidiary companies and plant and equipment

The Company and Group determine whether there are any indications of impairment for investments in subsidiary companies and plant and equipment at least on an annual basis. When indicators of impairment exist, recoverable amount assessment is made based on the value in use method. This requires management to make an estimate of the expected future cash flows, growth rate of the business based on the industry average and an estimate of the relevant weighted average cost of capital as a discount rate. There was no impairment charge on investments in subsidiary companies (2015: \$5,880,000) for the financial year ended 31 March 2016. The carrying amount of the Company's investments in subsidiary companies and the Group's plant and equipment as at 31 March 2016 is \$27,121,000 (2015: \$27,121,000) and \$30,736,000 (2015: \$30,320,000) respectively.

(b) Impairment of goodwill

As disclosed in Note 12 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the estimated revenue growth and estimated gross profit margin used for the discounted cash flow model.

The carrying amount of goodwill as at 31 March 2016 is \$5,212,000 (2015: \$5,212,000).

4. REVENUE

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

	Group	
	2016 \$'000	2015 \$'000
Sale of plastic injection components	176,690	156,679
Tooling revenue	11,254	11,586
	<u>187,944</u>	<u>168,265</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

5. INTEREST INCOME

	Group	
	2016	2015
	\$'000	\$'000
Interest income from:		
– Loans and receivables	99	84

6. OTHER INCOME

	Group	
	2016	2015
	\$'000	\$'000
Foreign exchange gain	726	–
Gain on disposal of scrap materials	288	356
Government grants*	268	236
Grant from International Enterprise Singapore Board [#]	48	–
Gain on disposal of plant and equipment	–	2
Insurance claims	–	49
Fair value gain on derivatives	6	–
Other miscellaneous income	305	367
	1,641	1,010

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

[#] A subsidiary company has been awarded a grant by the International Enterprise Singapore Board under the Global Company Partnership Programme. The Group has recorded \$48,000 (2015: Nil) of grant income from the Global Company Partnership in this financial year. The income was recognised upon receipt when all attaching conditions had been complied with.

7. FINANCE COSTS

	Group	
	2016	2015
	\$'000	\$'000
Interest expense on:		
– Bank loans and borrowings	326	468
– Obligations under finance leases	19	18
	345	486

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

8. PROFIT BEFORE TAXATION

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

	Note	Group 2016 \$'000	2015 \$'000
Depreciation of plant and equipment	11	7,187	7,390
Impairment loss on plant and equipment	11	15	34
Amortisation of intangible assets	12	298	203
Allowance for inventory write down	15	1,151	495
Inventories written off	15	39	160
Bad debts written off		–	35
Plant and equipment written off		558	67
Loss on disposal of plant and equipment		148	–
Loss on disposal of associated companies		–	633
Foreign exchange loss		–	329
Fair value loss on derivatives		–	38
Audit fees:			
– Auditors of the Company		131	128
– Other auditors		152	144
Non-audit fees:			
– Other auditors		138	6

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2016 and 2015 are:

	Group 2016 \$'000	2015 \$'000
Consolidated income statement:		
Current income tax:		
– Current income taxation	3,937	3,178
– Under/(over) provision in respect of prior years	88	(183)
	4,025	2,995
Deferred income tax (Note 22):		
– Origination and reversal of temporary differences	(153)	393
– Reversal of previously recognised deferred tax assets	–	338
– Under provision in respect of prior years	29	82
	(124)	813
Income tax expense recognised in profit or loss	3,901	3,808

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. TAXATION (CONT'D)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2016 and 2015 is as follows:

	Group	
	2016 \$'000	2015 \$'000
Profit before taxation	16,868	11,291
Tax at the domestic rates applicable to profits in the countries where the Group operates	3,318	1,822
Adjustments:		
Non-deductible expenses	202	372
Income not subject to taxation	(42)	(29)
Effect of change in tax rates	–	101
Effect of partial tax exemption and tax relief	(997)	(273)
Benefits from previously unrecognised deferred tax assets	–	(42)
Reversal of previously recognised deferred tax assets	–	338
Deferred tax assets not recognised	1,303	1,620
Under/(over) provision in respect of prior years	117	(101)
Income tax expense recognised in profit or loss	3,901	3,808

The corporate income tax rate applicable to the Singapore companies of the Group is 17% (2015: 17%).

Subsidiary companies incorporated in People's Republic of China ("PRC"), Thailand and Malaysia are subject to corporate income tax rates of 25%, 20% and 24% (2015: 25%, 20% and 25%) respectively.

A subsidiary company incorporated in PRC was granted the High and New Technology Enterprise status with effect from 5 August 2014 for a duration of 3 years and hence, is subjected to an incentive tax rate of 15% as at 31 March 2016 (2015: 15%). A subsidiary company incorporated in Thailand has received promotional privileges from Thailand's Board of Investment for manufacture of precision plastic injection mould parts for electronic products on 11 March 2013. Certain of its qualified operating profits are exempt from corporate income tax for 8 years.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

10. EARNINGS PER SHARE

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

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

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

	Group	
	2016	2015
	\$'000	\$'000
Profit for the year, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	12,967	7,483
	Numbers of shares	
	2016	2015 ⁽¹⁾
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation (Note 23)	54,641	54,641

There were no outstanding share options for the financial year ended 31 March 2016 (2015: 612,000⁽¹⁾). The number of outstanding share options before expiry were not included in the calculation of diluted earnings per share as they were anti-dilutive.

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

⁽¹⁾ On 1 September 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. The weighted average number of ordinary shares used for the calculation of earnings per share for the comparatives and the outstanding share options have been adjusted for the effect of the share consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. PLANT AND EQUIPMENT

	Plant and machinery \$'000	Motor vehicles \$'000	Other assets \$'000	Construction- in-progress \$'000	Total \$'000
Group					
Cost:					
At 1 April 2014	64,071	1,774	22,367	83	88,295
Transfers	–	–	83	(83)	–
Additions [^]	2,881	82	2,048	100	5,111
Disposals and write-offs	(1,504)	(141)	(304)	–	(1,949)
Exchange differences	2,138	47	839	6	3,030
At 31 March 2015 and 1 April 2015	67,586	1,762	25,033	106	94,487
Transfers	–	–	106	(106)	–
Additions [^]	5,988	443	3,266	206	9,903
Disposals and write-offs	(4,769)	(194)	(4,997)	–	(9,960)
Exchange differences	(2,912)	(43)	(1,341)	(8)	(4,304)
At 31 March 2016	65,893	1,968	22,067	198	90,126
Accumulated depreciation and impairment:					
At 1 April 2014	42,188	926	13,751	–	56,865
Impairment	34	–	–	–	34
Depreciation charge for the year	4,648	280	2,462	–	7,390
Disposals and write-offs	(1,407)	(88)	(281)	–	(1,776)
Exchange differences	1,207	30	417	–	1,654
At 31 March 2015 and 1 April 2015	46,670	1,148	16,349	–	64,167
Impairment	15	–	–	–	15
Depreciation charge for the year	3,892	313	2,982	–	7,187
Disposals and write-offs	(4,166)	(190)	(4,727)	–	(9,083)
Exchange differences	(2,046)	(24)	(826)	–	(2,896)
At 31 March 2016	44,365	1,247	13,778	–	59,390
Net carrying amount:					
At 31 March 2015	20,916	614	8,684	106	30,320
At 31 March 2016	21,528	721	8,289	198	30,736

[^] Additions of \$9,903,000 (2015: \$5,111,000) included an amount of deposit of \$368,000 (2015: \$300,000) paid in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. PLANT AND EQUIPMENT (CONT'D)

	Plant and machinery \$'000	Motor vehicles \$'000	Other assets \$'000	Total \$'000
Company				
Cost:				
At 1 April 2014	199	950	2,072	3,221
Transfer to subsidiary companies	(33)	–	(127)	(160)
Additions	–	–	28	28
Disposals and write-offs	(1)	–	(60)	(61)
At 31 March 2015 and 1 April 2015	165	950	1,913	3,028
Transfer to a subsidiary company	–	–	(3)	(3)
Additions	15	40	247	302
Disposals and write-offs	–	(65)	(1,340)	(1,405)
At 31 March 2016	180	925	817	1,922
Accumulated depreciation and impairment:				
At 1 April 2014	54	424	1,761	2,239
Impairment	34	–	–	34
Depreciation charge for the year	4	153	72	229
Transfer to subsidiary companies	(24)	–	(94)	(118)
Disposals and write-offs	(1)	–	(57)	(58)
At 31 March 2015 and 1 April 2015	67	577	1,682	2,326
Depreciation charge for the year	14	160	135	309
Transfer to a subsidiary company	–	–	(3)	(3)
Disposals and write-offs	–	(65)	(1,318)	(1,383)
At 31 March 2016	81	672	496	1,249
Net carrying amount:				
At 31 March 2015	98	373	231	702
At 31 March 2016	99	253	321	673

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. PLANT AND EQUIPMENT (CONT'D)

Construction-in-progress

The Group's construction-in-progress relates to cost incurred in the course of renovating the leasehold properties.

Capitalisation of borrowing costs

No borrowing costs were capitalised during the financial year (2015: Nil).

Assets held under finance leases

During the financial year, there was no plant and equipment acquired by means of finance leases (2015: Nil). The cash outflow on acquisition of plant and equipment amounted to \$9,535,000 (2015: \$4,811,000).

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net carrying value of motor vehicles	271	479	222	374
Net carrying value of plant and machinery	15	22	–	–

Impairment of assets

During the financial year, an impairment loss of \$15,000 (2015: \$34,000) representing write-down of plant and equipment not in use to the recoverable amount was included in the "cost of sales" (Note 8) line item in profit or loss. The recoverable amount of the plant and equipment was determined based on its fair value less cost to sell.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	Other intangible assets					Total \$'000
	Goodwill \$'000	Software \$'000	Licensing \$'000	Patent \$'000	Club member- ships \$'000	
Group Cost:						
At 1 April 2014	5,212	1,548	153	9	66	6,988
Additions	–	216	–	68	–	284
Exchange differences	–	84	–	–	–	84
At 31 March 2015 and 1 April 2015	5,212	1,848	153	77	66	7,356
Additions [^]	–	196	–	39	–	235
Write-off	–	(81)	(50)	–	–	(131)
Exchange differences	–	(103)	–	–	(1)	(104)
At 31 March 2016	5,212	1,860	103	116	65	7,356
Accumulated amortisation:						
At 1 April 2015	–	1,068	142	1	31	1,242
Amortisation	–	179	10	9	5	203
Exchange differences	–	58	–	–	–	58
At 31 March 2015 and 1 April 2015	–	1,305	152	10	36	1,503
Amortisation	–	221	1	71	5	298
Write-offs	–	(81)	(50)	–	–	(131)
Exchange differences	–	(75)	–	–	(1)	(76)
At 31 March 2016	–	1,370	103	81	40	1,594
Net carrying amount:						
At 31 March 2015	5,212	543	1	67	30	5,853
At 31 March 2016	5,212	490	–	35	25	5,762

[^] Additions of \$235,000 (2015: \$284,000) included an amount of deposit of \$26,000 (2015: Nil) paid in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

12. GOODWILL AND OTHER INTANGIBLE ASSETS (CONT'D)

	Other intangible assets			Total \$'000
	Software \$'000	Licensing \$'000	Club member- ships \$'000	
Company				
Cost:				
At 1 April 2014, 31 March 2015 and 1 April 2015	300	153	60	513
Additions	63	–	–	63
Write-offs	(81)	(50)	–	(131)
At 31 March 2016	282	103	60	445
Accumulated amortisation:				
At 1 April 2014	300	142	29	471
Amortisation	–	10	4	14
At 31 March 2015 and 1 April 2015	300	152	33	485
Amortisation	10	1	4	15
Write-offs	(81)	(50)	–	(131)
At 31 March 2016	229	103	37	369
Net carrying amount:				
At 31 March 2015	–	1	27	28
At 31 March 2016	53	–	23	76

Remaining amortisation period

Software, patent and club memberships have respective remaining amortisation period of 0.1 to 4.8 years (2015: 0.2 to 5.0 years), 1.5 years (2015: 17.5 years) and 3.9 to 5.2 years (2015: 4.9 to 6.2 years). As at 31 March 2016, licensing cost has been fully amortised (2015: remaining amortisation period of 0.1 year).

Amortisation expense

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

Impairment testing of goodwill

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

12. GOODWILL AND OTHER INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (cont'd)

The CGUs with significant goodwill balances are:

	Group	
	2016	2015
	\$'000	\$'000
Fischer Technology Pte Ltd	3,735	3,735
Fischer Tech (Thailand) Co., Ltd	939	939
M-Fischer Tech Sdn Bhd	468	468

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

	High precision plastic injection	
	2016	2015
	%	%
Growth rate – 2 to 5 years	5.00	5.00

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

Key assumptions used in the value in use calculations

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

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

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

Pre-tax discount rate – Discount rates represent the current market assessment of the risks specific to each CGU, ranging from 8.7% to 11.3%, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

Management believes that no reasonable possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount, except for the impairment test of goodwill allocated to Fischer Technology Pte Ltd. There will be an impairment loss of \$515,000 if the assumed gross profit margin deviates from budgeted gross profit margin by 2.80%.

Impairment loss recognised

No impairment loss (2015: Nil) was recognised for the financial year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

13. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2016	2015
	\$'000	\$'000
Unquoted shares, at cost	33,001	33,001
Impairment losses	(5,880)	(5,880)
	<u>27,121</u>	<u>27,121</u>

Composition of the Group

The Group has the following investments in subsidiary companies:

Name of company		Country of incorporation	Principal activities	Percentage of equity held by the Group	
				2016	2015
				%	%
<i>Held by the Company</i>					
#	Fischer Tech International Pte Ltd	Singapore	Investment holding	100	100
#	Fischer Medtech Pte Ltd	Singapore	Manufacture of high precision plastic components	100	100
#	Fischer Technology Pte Ltd	Singapore	Manufacture of IML plastic components	100	100
@	Fischer Tech (Thailand) Co., Ltd	Thailand	Manufacture of high precision moulds and plastic components	100	100
@	M-Fischer Tech Sdn Bhd	Malaysia	Manufacture of high precision moulds and plastic components	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Name of company	Country of incorporation	Principal activities	Percentage of equity held by the Group	
				2016	2015
				%	%
	<i>Held through Fischer Tech International Pte Ltd</i>				
*@	Fischer Tech (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision moulds and plastic components	100	100
^@	Fischer Solution (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision plastic components	100	100

Audited by Ernst & Young LLP, Singapore.

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

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

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

Movement in allowance accounts

	Company	
	2016 \$'000	2015 \$'000
At 1 April	5,880	913
Charge for the year	–	5,880
Write off	–	(913)
At 31 March	5,880	5,880

Impairment testing of investments in subsidiary companies with indication of impairment

During the financial year, there was no impairment loss (2015: \$5,880,000) recognised in the Company's profit or loss. The recoverable amount was determined based on the subsidiary company's value in use calculation using the same basis and assumptions as disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

14. LOANS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2016	2015
	\$'000	\$'000
Loans due from subsidiary companies	19,591	17,091

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

Included in loans due from subsidiary companies is \$2,500,000 (2015: Nil) which bears interest at 5.69% (2015: Nil) per annum.

15. INVENTORIES

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Balance sheet:				
Finished goods	8,908	7,734	119	181
Work-in-progress	5,490	5,916	2	29
Raw materials	5,856	6,801	7	7
Packing materials	175	208	–	–
	20,429	20,659	128	217

	Group	
	2016	2015
	\$'000	\$'000
Consolidated income statement:		
Inventories recognised as an expense in cost of sales	77,970	72,527
Inclusive of the following charges:		
– Allowance for inventory write down (Note 8)	1,151	495
– Inventories written off (Note 8)	39	160

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables due from external parties, net of allowances	41,844	40,593	7,157	7,749
Accrued revenue	5,042	5,673	370	51
Amounts due from subsidiary companies	–	–	1,162	2,679
Total trade receivables	46,886	46,266	8,689	10,479
Deposits	450	453	52	4
Sundry receivables-third parties	190	202	–	–
Sundry receivables-subsidary companies	–	–	555	1,369
Total trade and other receivables	47,526	46,921	9,296	11,852
Add: Loans due from subsidiary companies (Note 14)	–	–	19,591	17,091
Add: Cash and short-term deposits (Note 18)	38,952	35,962	15,462	14,467
Less: Accrued revenue	(5,042)	(5,673)	(370)	(51)
Total loans and receivables	81,436	77,210	43,979	43,359

Trade receivables due from external parties

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

Amounts due from subsidiary companies

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

Included in amounts due from subsidiary companies is \$425,000 (2015: \$1,424,000) which bear interest at 5.69% (2015: 4.43% to 4.61%) per annum.

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
United States Dollar	27,470	21,788	7,352	8,382
Euro	1,310	1,345	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to \$10,190,000 (2015: \$5,257,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2016 \$'000	2015 \$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	6,817	3,549
30 to 60 days	1,993	849
61 to 90 days	121	601
91 to 120 days	1,251	25
More than 120 days	8	233
	<u>10,190</u>	<u>5,257</u>

Trade receivables that are impaired

There were no trade receivables impaired at the end of the reporting period (2015: Nil).

Sundry receivables

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

Sundry receivables due from subsidiary companies are unsecured and \$345,000 (2015: \$1,039,000) bear interest at 4.00% (2015: 4.00% to 4.61%) per annum.

17. OTHER ASSETS

	Group	
	2016 \$'000	2015 \$'000
Down-payments placed for the acquisition of plant and machinery	<u>894</u>	<u>433</u>

18. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at banks and on hand	32,373	25,105	8,883	3,610
Short-term deposits	6,579	10,857	6,579	10,857
Cash and short-term deposits	<u>38,952</u>	<u>35,962</u>	<u>15,462</u>	<u>14,467</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

18. CASH AND SHORT-TERM DEPOSITS (CONT'D)

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
United States Dollar	12,151	10,753	4,392	1,260
Euro	1,133	415	2	1

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables due to external parties	25,527	25,394	128	217
Amounts due to subsidiary companies	–	–	3,350	5,016
Total trade payables	25,527	25,394	3,478	5,233
Employee related payables	9,329	7,085	4,119	2,808
Accrued expenses	1,972	2,150	863	614
Other payables	100	99	–	6
Total trade and other payables	36,928	34,728	8,460	8,661
Add: Loans and borrowings (Note 20)	7,458	10,069	1,755	1,829
Total financial liabilities carried at amortised cost	44,386	44,797	10,215	10,490

Trade payables due to external parties

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

Amounts due to subsidiary companies

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

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

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
United States Dollar	5,253	4,390	3,386	5,033
Euro	58	125	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

20. LOANS AND BORROWINGS

			Group		Company	
	Effective interest rate per annum	Maturity	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current:						
Obligations under finance leases - secured (Note 29(c))	3.66%-8.16% (2015: 3.66% - 8.16%)	2017	106	119	74	74
Bank loans:						
– SGD bank loans, unsecured	2.62%-3.69% (2015: 2.31% - 2.96%)	2016	3,400	3,400	1,500	1,500
– Malaysian Ringgit bank loans, unsecured	6.11%-6.19% (2015: 6.04% - 6.06%)	2016	888	1,114	–	–
– Thai Baht bank loans, unsecured	5.35% (2015: 4.80% - 6.63%)	2016	151	2,337	–	–
– USD bank loans, unsecured	3.06%-3.84% (2015: 3.33% - 3.36%)	2016	2,692	2,750	–	–
Total current amount			7,237	9,720	1,574	1,574
Non-current:						
Obligations under finance leases - secured (Note 29(c))	3.66%-8.16% (2015: 3.66% - 8.16%)	2017-2019	221	349	181	255
Total non-current amount			221	349	181	255
Total loans and borrowings			7,458	10,069	1,755	1,829

Included in total loans and borrowings is an amount of \$3,731,000 (2015: \$6,201,000) that was obtained with corporate guarantees issued by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

21. DERIVATIVES

	Group					
	2016			2015		
	Contract/ notional amount \$'000	Assets \$'000	Liabilities \$'000	Contract/ notional amount \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	–	–	–	545	–	6
Financial liabilities at fair value through profit or loss	–	–	–	–	–	6

	Company					
	2016			2015		
	Contract/ notional amount \$'000	Assets \$'000	Liabilities \$'000	Contract/ notional amount \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	–	–	–	409	–	4
Financial liabilities at fair value through profit or loss	–	–	–	–	–	4

Forward currency contracts are used to hedge foreign currency risk arising from the Group's sales and purchases denominated in USD for which firm commitments existed at the end of the reporting period (Note 31(a)).

The Group does not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

22. DEFERRED TAX

Deferred tax as at 31 March relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	495	562		
Deferred tax liabilities	(545)	(702)		
Net deferred tax	(50)	(140)		
Deferred tax assets:				
Differences in depreciation	194	493	282	(173)
Provisions	314	84	(250)	484
Unutilised capital allowance	–	–	–	453
Unutilised tax incentives	611	504	(130)	(303)
	1,119	1,081	(98)	461
Deferred tax liabilities:				
Differences in depreciation	652	634	11	154
Provisions	–	19	14	20
Undistributed earnings of subsidiary company	517	568	(51)	178
	1,169	1,221	(26)	352
Net deferred tax	(50)	(140)		
Deferred tax (credit)/expense (Note 9)			(124)	813

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$25,884,000 (2015: \$21,526,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiary companies

At the end of the reporting period, \$517,000 (2015: \$568,000) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiary companies, on the following basis:

- The Group has determined that approximately 30% (2015: 21%) of the earnings of its subsidiary companies, which are subjected to withholding tax, will be distributed in the foreseeable future based on historical trend.

Such temporary differences on the remaining earnings for which no deferred tax liability has been recognised, aggregate to \$24,118,000 (2015: \$20,777,000). The deferred tax liability is estimated to be \$1,767,000 (2015: \$2,077,700).

Tax consequences of proposed dividends

There are no income tax consequences (2015: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

23. SHARE CAPITAL

	Group and Company			
	No. of shares '000	2016 \$'000	No. of shares '000	2015 \$'000
Issued and fully paid ordinary shares				
At 1 April	273,205	57,787	273,205	57,787
Share consolidation*	(218,564)			
At 31 March	54,641			

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

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

There were no outstanding options (2015: 612,000) to subscribe to the Company's shares granted under the employee share option scheme as disclosed in Note 27.

24. SHARE OPTION RESERVE

Share option reserve represents the equity-settled share options granted to eligible employees and directors of the Group (Note 27). The share option reserve comprises the cumulative value of services received from employees and directors recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

25. FOREIGN CURRENCY TRANSLATION RESERVE

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

26. STATUTORY RESERVE

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

26. STATUTORY RESERVE (CONT'D)

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

27. EMPLOYEE BENEFITS

	Group	
	2016	2015
	\$'000	\$'000
Employee benefits expense (including directors):		
Salaries and bonuses	44,150	38,348
Central Provident Fund contributions	3,505	3,068
Other employee benefits	2,985	2,506
	<u>50,640</u>	<u>43,922</u>

Employee share option scheme

The Company has an employee share option scheme for the granting of non-transferable options to all eligible employees and directors of the Group. Options are granted for terms of 5 and 10 years to purchase the Company's ordinary shares at market price but not less than \$0.75 or at a "discounted subscription price", whereby the discount shall not exceed 20% of the market price as at the date of grant. All options granted are exercisable beginning on the first anniversary of the date of grant.

Movement of employee share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, options during the financial year:

	Group and Company			
	2016	2016	2015	2015
	No. of	WAEP ⁽¹⁾	No. of	WAEP ⁽¹⁾
	shares	(\$)	shares	(\$)
	options ⁽¹⁾		options ⁽¹⁾	
	'000		'000	
Outstanding at 1 April	612	1.625	1,279	2.170
Expired during the year	<u>(612)</u>	<u>(1.625)</u>	<u>(667)</u>	<u>2.675</u>
Outstanding at 31 March	<u>-</u>	<u>-</u>	<u>612</u>	<u>1.625</u>
Exercisable at 31 March	<u>-</u>	<u>-</u>	<u>612</u>	<u>1.625</u>

⁽¹⁾ On 1 September 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. The share options and exercise price of the share options have been adjusted for the effect of the share consolidation.

There were no options outstanding at the end of the financial year. The exercise price for options outstanding at the previous financial year was \$1.625. The weighted average remaining contractual life for these options at the end of previous financial year was 0.63 years.

The share option reserve has been transferred to retained earnings upon the expiry of the share options.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

28. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services*

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

	Group	
	2016	2015
	\$'000	\$'000
Related party		
Consultancy fees paid to a director	180	68
Associated company		
Purchases of goods	–	1,565

(b) *Compensation of key management personnel*

	Group	
	2016	2015
	\$'000	\$'000
Directors' fees	308	260
Short-term employee benefits	7,217	5,715
Central Provident Fund contributions	115	107
Total compensation paid to key management personnel	7,640	6,082
Comprise amounts paid to		
– Directors of the Company	4,392	3,795
– Other key management personnel	3,248	2,287
	7,640	6,082

Directors' interests in employee share option plan

At the end of the reporting period, there are no outstanding share options granted by the Company to directors (2015: 200,000⁽¹⁾), and the non-executive directors (2015: Nil).

⁽¹⁾ On 1 September 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share in the capital of the Company. The outstanding share options have been adjusted for the effect of the share consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

29. COMMITMENTS

(a) *Capital commitments*

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

	Group	
	2016 \$'000	2015 \$'000
Capital commitments in respect of plant and equipment	1,365	565

(b) *Operating lease commitments – as lessee*

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

Certain leases include renewal options for additional lease period of up to 3 years at rental rates to be based on negotiation or prevailing market conditions. There are no restrictions placed upon the Group by entering into these leases. Rental expense (principally for factory building) was \$3,748,000 (2015: \$3,448,000) for the financial year ended 31 March 2016.

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not later than one year	1,497	2,483	778	607
Later than one year but not later than five years	3,025	987	887	33
	4,522	3,470	1,665	640

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

29. COMMITMENTS (CONT'D)

(c) *Finance lease commitments – as lessee*

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

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

	Minimum lease payments 2016 \$'000	Present value of lease liabilities 2016 \$'000	Minimum lease payments 2015 \$'000	Present value of lease liabilities 2015 \$'000
Group				
Not later than one year	120	106	136	119
Later than one year but not later than five years	254	221	399	349
Total minimum lease payments	374	327	535	468
Less: amounts representing finance charges	(47)	–	(67)	–
Present value of minimum lease payments	327	327	468	468
Company				
Not later than one year	85	74	85	74
Later than one year but not later than five years	209	181	295	255
Total minimum lease payments	294	255	380	329
Less: amounts representing finance charges	(39)	–	(51)	–
Present value of minimum lease payments	255	255	329	329

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

The finance leases bear effective interest ranging from 3.66% to 8.16% (2015: 3.66% to 8.16%) per annum and expire between 2017 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) ***Fair value of financial instruments that are carried at fair value***

The following table shows an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

	Group Significant other observable inputs (Level 2)		Company Significant other observable inputs (Level 2)	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial liabilities:				
Derivatives (Note 21)				
– Forward currency contracts	–	6	–	4

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 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.

There has been no transfer in or out of Level 2 fair value measurements during the financial years ended 31 March 2016 and 31 March 2015.

Determination of fair value

Derivatives (Note 21): Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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

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

	Carrying amount 2016 \$'000	Fair value 2016 \$'000	Company Carrying amount 2015 \$'000	Fair value 2015 \$'000
Financial assets:				
Loans due from subsidiary companies (Note 14)	19,591	*	17,091	*

* *Loans due from subsidiary companies (Note 14)*

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

- (a) **Foreign currency risk**

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar (SGD), Chinese Renminbi (RMB), Thai Baht (Baht) and Malaysian Ringgit (Ringgit). The foreign currencies in which these transactions are denominated are mainly in United States Dollars (USD). Approximately 64% (2015: 52%) of the Group's sales are denominated in foreign currencies, whilst almost 76% (2015: 77%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

31. 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 a reasonably possible change in the USD, Euro and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			Group	
			Impact to profit before tax	
			2016	2015
			\$'000	\$'000
USD/SGD	–	strengthened 5% (2015: 5%)	+499	+470
	–	weakened 5% (2015: 5%)	-499	-470
USD/RMB	–	strengthened 5% (2015: 5%)	+1,222	+926
	–	weakened 5% (2015: 5%)	-1,222	-926
USD/Baht	–	strengthened 5% (2015: 5%)	-39	-61
	–	weakened 5% (2015: 5%)	+39	+61
Euro/RMB	–	strengthened 5% (2015: 5%)	+167	+95
	–	weakened 5% (2015: 5%)	-167	-95
SGD/Ringgit	–	strengthened 5% (2015: 5%)	-183	-56
	–	weakened 5% (2015: 5%)	+183	+56

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of not more than 6 months (2015: not more than 6 months) from the end of the reporting period.

The Group manages interest rate risk by entering into short-term loans and borrowings for working capital purposes which allow the interest rate to be re-priced at intervals not more than 6 months (2015: not more than 6 months).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 45 (2015: 45) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been \$32,000 (2015: \$43,000) lower/higher. This arises mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

(c) *Liquidity risk*

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

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

At the end of the reporting period, approximately 97.0% (2015: 96.5%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 89.7% (2015: 86.1%) of the Company's loans and borrowings will mature in less than one year at the end of the reporting period.

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

Analysis of financial instruments by remaining contractual maturities

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

	2016 \$'000			2015 \$'000		
	One year or less	One to five years	Total	One year or less	One to five years	Total
Group						
Financial assets:						
Trade and other receivables	42,484	–	42,484	41,248	–	41,248
Cash and short-term deposits	38,952	–	38,952	35,962	–	35,962
Total undiscounted financial assets	81,436	–	81,436	77,210	–	77,210
Financial liabilities:						
Trade and other payables	36,928	–	36,928	34,728	–	34,728
Derivatives	–	–	–	6	–	6
Loans and borrowings	7,321	254	7,575	9,817	399	10,216
Total undiscounted financial liabilities	44,249	254	44,503	44,551	399	44,950
Total net undiscounted financial assets/ (liabilities)	37,187	(254)	36,933	32,659	(399)	32,260

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

(c) Liquidity risk (cont'd)

	2016 \$'000				2015 \$'000			
	One year or less	One to five years	More than five years	Total	One year or less	One to five years	More than five years	Total
Company								
Financial assets:								
Trade and other receivables	8,926	–	–	8,926	11,801	–	–	11,801
Loans due from subsidiary companies	–	–	19,591*	19,591	–	–	17,091*	17,091
Cash and short-term deposits	15,462	–	–	15,462	14,467	–	–	14,467
Total undiscounted financial assets	24,388	–	19,591	43,979	26,268	–	17,091	43,359
Financial liabilities:								
Trade and other payables	8,460	–	–	8,460	8,661	–	–	8,661
Derivatives	–	–	–	–	4	–	–	4
Loans and borrowings	1,604	209	–	1,813	1,600	295	–	1,895
Total undiscounted financial liabilities	10,064	209	–	10,273	10,265	295	–	10,560
Total net undiscounted financial assets/ (liabilities)	14,324	(209)	19,591	33,706	16,003	(295)	17,091	32,799

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

(d) Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

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

Credit risk concentration profile

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

	Group		Group	
	2016		2015	
	\$'000	% of total	\$'000	% of total
Asia Pacific	19,185	45.9	21,683	53.4
America	15,914	38.0	13,839	34.1
Europe	5,626	13.4	3,739	9.2
Singapore	1,119	2.7	1,332	3.3
	41,844	100.0	40,593	100.0

At the end of the reporting period, approximately 43.9% (2015: 45.7%) of the Group's trade receivables were due from 5 major customers who are multi-national companies.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

32. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2016 and 31 March 2015.

As disclosed in Note 26, subsidiary companies of the Group are required by laws and regulations to contribute to and maintain a non-distributable statutory reserve. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary companies for the financial years ended 31 March 2016 and 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

32. CAPITAL MANAGEMENT (CONT'D)

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

	Group	
	2016 \$'000	2015 \$'000
Loans and borrowings (Note 20)	7,458	10,069
Trade and other payables (Note 19)	36,928	34,728
Less: Cash and short-term deposits (Note 18)	(38,952)	(35,962)
<i>Net debt</i>	5,434	8,835
Equity attributable to owners of the Company	100,588	95,738
Less: Statutory reserve (Note 26)	(6,828)	(4,986)
<i>Total capital</i>	93,760	90,752
Capital and net debt	99,194	99,587
Gearing ratio	5.5%	8.9%

33. SEGMENT INFORMATION

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

33. SEGMENT INFORMATION (CONT'D)

	Plastic injection		Tooling		Adjustments and eliminations		Note	Per consolidated financial statements	
	2016	2015	2016	2015	2016	2015		2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
Sales to external customers	176,690	156,679	11,254	11,586	–	–		187,944	168,265
Results:									
Interest income	80	71	19	13	–	–		99	84
Depreciation and amortisation	7,075	7,147	410	446	–	–		7,485	7,593
Share of profit of associated companies	–	436	–	–	–	–		–	436
Other non-cash expenses	1,792	862	27	1	–	–	A	1,819	863
Finance cost	339	478	6	8	–	–		345	486
Segment profit	16,105	11,256	763	35	–	–		16,868	11,291
Assets:									
Additions to non-current assets	10,016	5,348	122	47	–	–	B	10,138	5,395
Segment assets	137,536	129,892	8,589	12,044	495	562	C	146,620	142,498
Segment liabilities	42,814	43,215	1,923	1,914	1,295	1,631	D	46,032	46,760

A Other non-cash expenses consist of allowance for inventory write down, inventories written off, net fair value loss on derivatives, plant and equipment written off, impairment loss on plant and equipment, bad debts written off and provision for defined benefit plan as presented in the respective notes to the financial statements.

B Additions to non-current assets consist of additions to plant and equipment and intangible assets.

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

	2016 \$'000	2015 \$'000
Deferred tax assets	495	562

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

33. SEGMENT INFORMATION (CONT'D)

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

	2016 \$'000	2015 \$'000
Deferred tax liabilities	545	702
Income tax payable	750	929
	<u>1,295</u>	<u>1,631</u>

Geographical information

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

	Revenue		Non-current assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
China	121,598	102,302	15,990	13,745
Malaysia	25,581	17,567	4,498	4,902
Thailand	21,477	21,783	8,344	8,279
Singapore	19,288	26,613	7,666	9,247
	<u>187,944</u>	<u>168,265</u>	<u>36,498</u>	<u>36,173</u>

Non-current assets information presented above consist of plant and equipment, goodwill and other intangible assets as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amount to \$25,147,000 (2015: \$16,441,000), of which \$24,448,000 (2015: \$15,416,000) arises from the plastic injection segment and \$699,000 (2015: \$1,025,000) from the tooling segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

34. DIVIDENDS

	Group and Company	
	2016	2015
	\$'000	\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares</i>		
– First and final tax exempt (one-tier) dividend for 2015: 0.6 cents ⁽¹⁾ (2014: 0.6 cents ⁽¹⁾) per share	1,639	1,639
– Special tax exempt (one-tier) dividend for 2015: 0.4 cents ⁽¹⁾ (2014: Nil) per share	1,093	–
– Interim tax exempt (one-tier) dividend for 2016: 2.0 cents ⁽²⁾ (2015: Nil) per share	1,093	–
Proposed but not recognised as a liability as at 31 March:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM</i>		
– First and final tax exempt (one-tier) dividend for 2015: 0.6 cents ⁽¹⁾ per share	–	1,639
– Final tax exempt (one-tier) dividend for 2016: 3.0 cents ⁽²⁾ per share	1,639	–
– Special tax exempt (one-tier) dividend for 2016: 2.0 cents ⁽²⁾ (2015: 0.4 cents ⁽¹⁾) per share	1,093	1,093

⁽¹⁾ Before Share Consolidation

⁽²⁾ After Share Consolidation

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company, has on 21 April 2016, entered into a joint venture agreement to subscribe shares in a Singapore incorporated company with a capital contribution of up to \$200,000 representing 14.29% interest in the company, to undertake the business of manufacturing, promoting, selling and distributing plastic precision engineering parts.

On 8 June 2016, a subsidiary company has entered into an Intent of Property Transfer agreement with an independent and unrelated party to purchase a property in the People's Republic of China.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 13 June 2016.

STATISTICS OF SHAREHOLDINGS

As at 17 June 2016

(i)	Number of issued and paid Shares	:	54,640,986
(ii)	Amount of issued and paid up Shares	:	S\$57,835,594.01
(iii)	Class of Shares	:	Ordinary Shares
(iv)	Voting rights	:	1 vote per share
(v)	Treasury Shares	:	None

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	7	1.07	112	0.00
100 – 1,000	174	26.57	92,520	0.17
1,001 – 10,000	323	49.31	1,442,740	2.64
10,001 – 1,000,000	147	22.44	8,613,798	15.76
1,000,001 and above	4	0.61	44,491,816	81.43
Total	655	100.00	54,640,986	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CIMB Securities (Singapore) Pte. Ltd.	31,299,350	57.28
2	Univac Precision Engineering Pte Ltd	10,466,666	19.16
3	Bank Of Singapore Nominees Pte. Ltd.	1,609,000	2.94
4	Phillip Securities Pte Ltd	1,116,800	2.04
5	OCBC Securities Private Limited	802,620	1.47
6	See Beng Lian Janice	487,800	0.89
7	Liu Wenying	486,000	0.89
8	KGI Fraser Securities Pte. Ltd.	334,000	0.61
9	DBSN Services Pte. Ltd.	303,400	0.56
10	Lim Cher Khiang	277,243	0.51
11	UOB Kay Hian Private Limited	271,840	0.50
12	Raffles Nominees (Pte) Limited	242,700	0.44
13	DBS Nominees (Private) Limited	240,620	0.44
14	Shirlaw James Nicholas	221,020	0.40
15	Chee Kwai Fun (Zhu Guifen)	210,000	0.38
16	Go Mei Lin	204,000	0.37
17	Goh Bee Lan	176,000	0.32
18	Toh Ong Tiam	167,000	0.31
19	United Overseas Bank Nominees (Private) Limited	164,200	0.30
20	Henry Lim Beng Huat	100,000	0.18
	Total	49,180,259	89.99

SUBSTANTIAL SHAREHOLDERS

As at 17 June 2016

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Number of Ordinary Shares	
	Direct Interest	Deemed Interest
Harmony (S) Holdings Pte Ltd ⁽¹⁾	–	31,257,133
Tan Choon King ⁽²⁾	–	31,257,133
Univac Precision Engineering Pte Ltd	10,466,666	–
Venture Corporation Limited ⁽³⁾	–	10,466,666

Notes:

⁽¹⁾ Harmony (S) Holdings Pte Ltd's shareholdings is held through a nominee, CIMB Securities (Singapore) Pte Ltd.

⁽²⁾ Mr Tan Choon King is deemed to be interested in the shares of the Company through his interest in Harmony (S) Holdings Pte Ltd.

⁽³⁾ Venture Corporation Limited is deemed to be interested in the shares of the Company through its interests in Univac Precision Engineering Pte Ltd.

To the best of the knowledge of the Company and based on information available to the Company as at 17 June 2016, approximately 23.6% of the issued ordinary shares of the Company is held in the hands of the public. Therefore, the Company complies with Rule 723 of the Listing Manual.

The Company does not have any treasury shares.

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Notice is hereby given that the Annual General Meeting of Fischer Tech Ltd (the “Company”) will be held on 29 July 2016 at 3:00 p.m. at 39 Scotts Road, Sheraton Towers Singapore, Turquoise & Onyx, Level 3, Singapore 228230 for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement, Auditor’s Report and Audited Financial Statements for the year ended 31 March 2016. **Resolution 1**
2. To declare the payment of a final tax exempt (one-tier) dividend of 3.0 cents per ordinary share for the financial year ended 31 March 2016. **Resolution 2**
3. To declare the payment of a special tax exempt (one-tier) dividend of 2.0 cents per ordinary share for the financial year ended 31 March 2016. **Resolution 3**
4. To re-appoint Mr Foo Meng Tong, who will retire under the resolution passed at last year’s Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force), as a Director of the Company. [refer to explanatory note (a)] **Resolution 4**
5. To re-elect Mr James Moy Kok Leng, a director retiring pursuant to Article 91 of the Company’s Constitution. [refer to explanatory note (b)] **Resolution 5**
6. To approve the proposed directors’ fees of S\$307,620 for the financial year ended 31 March 2016 (2015: S\$259,620). **Resolution 6**
7. To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

8. Share Issue Mandate

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

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

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the total number of shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of shares.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[refer to explanatory note (c)]

Resolution 8

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 August 2016 for the purpose of determining shareholders' entitlements to the proposed final tax exempt (one-tier) dividend of 3.0 cents per ordinary share and the proposed special tax exempt (one-tier) dividend of 2.0 cents per ordinary share for the financial year ended 31 March 2016 (the "**Proposed Dividends**").

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5:00 p.m. on 8 August 2016 will be registered before Shareholders' entitlements to the Proposed Dividends are determined.

Shareholders (being Depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. on 8 August 2016 will rank for the Proposed Dividends.

The Proposed Dividends, if approved at the Annual General Meeting of the Company to be held on 29 July 2016, will be paid on 18 August 2016.

By Order of the Board

Tan Ching Chek
Company Secretary
13 July 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Explanatory Notes:

- (a) This is to approve and authorise the continuation of Mr Foo Meng Tong in office, as a Director of the Company, from the date of this Annual General Meeting onwards without limitation in tenure save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution. This is consequent upon the repeal of Section 153 of the Companies Act, Chapter 50 of Singapore, with effect from 3 January 2016. The resolution passed pursuant to Section 153(6) of the Companies Act at last year's Annual General Meeting (as Section 153 was then still in force) could only permit the re-appointment of Mr Foo Meng Tong, being over 70 years of age, to hold office as a Director of the Company, until this Annual General Meeting;

Mr Foo Meng Tong, if re-appointed, will continue to serve as the Chairman of the Board and a member of the Compensation Committee, Nominating Committee and Audit Committee. Mr Foo Meng Tong is considered by the Board of Directors as a Non-Independent Director. For more information on Mr Foo Meng Tong, please refer to the "Board of Directors" and "Corporate Governance" sections in the Annual Report 2016.

- (b) Mr James Moy Kok Leng, if re-elected, will continue to serve as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr James Moy Kok Leng is considered by the Board of Directors as an Independent Director. For more information on Mr James Moy Kok Leng, please refer to the "Board of Directors" and "Corporate Governance" sections in the Annual Report 2016.
- (c) The proposed Resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limits as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF BOOKS CLOSURE DATE

Notes to Proxy Form:

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

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

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

Personal data privacy:

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

FISCHER TECH LTD

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

ANNUAL GENERAL MEETING**PROXY FORM****Important**

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

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 July 2016.

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

of (Address) _____,

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company (the "**Meeting**") to be held on 29 July 2016 at 3:00 p.m. at 39 Scotts Road, Sheraton Towers Singapore, Turquoise & Onyx, Level 3, Singapore 228230 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

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

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

Dated this _____ day of _____ 2016.

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

**Total No. of
Shares Held**

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

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

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

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

GENERAL:

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

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