

ANNOUNCEMENT OF QUALIFICATION OF AUDITED ACCOUNTS

The Board of Directors of Casa Holdings Limited (“the Company”) wishes to announce the following:

Background

The Company has a 14.83% (2017: 26.12%) shareholding interest in Fiamma Holdings Berhad (“Fiamma”), a company listed on the Main Board of Bursa Malaysia Securities Berhad. The accounts of Fiamma is audited by KPMG Malaysia, (“the Component Auditor”). The accounts of Fiamma are not qualified.

The Group’s investment in an associated company, Fiamma Holdings Berhad (“Fiamma”) with the carrying amount of approximately \$14,283,000 as at 30 September 2018 (2017: \$12,533,000) is accounted for using the equity method in the consolidated statement of financial position of the Group. During the financial year ended 30 September 2018, the Group recognised share of Fiamma’s net profit of approximately \$1,614,000 (2017: \$1,928,000) and other comprehensive income of approximately \$580,000 (2017: other comprehensive loss of \$371,000).

Singapore Standard on Auditing (SSA) 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) provides that the group auditor is responsible for the direction, supervision and performance of the group audit engagement, (“SSA 600”).

In complying with SSA 600, Nexia TS Public Accounting Corporation (“Nexia TS”), the Group Auditor, has issued audit instructions to the Component Auditor. The Component Auditor, upon receipt of the instructions, is unable to obtain internal clearance in completing the audit instructions citing Bursa Listing Rule as the reason.

Para 9.08(2) of the Main Market Listing Requirement states that a listed issuer must ensure that no disclosure of material information is made on an individual or selective basis to analysts, shareholders, journalists of other persons unless such information has previously been fully disclosed and disseminated to the public. In the event that material information is inadvertently disclosed on the occasion of any meetings with analysts, shareholders, journalists or others, it must be publicly disseminated as promptly as possible.

Qualified Opinion

On 19 December 2018, Nexia TS issued a qualified audit opinion on the Company based on the following:

“...Fiamma is a company listed on the Main Market of Bursa Malaysia. The component auditor cited Listing Rules of Bursa Malaysia as a factor in not being able to allow us access to themselves or their audit working papers. The component auditor was not agreeable to discuss the financial affairs and the audit of Fiamma. Due to the above restriction, we were also not able to perform any other satisfactory alternative procedures for us to fulfil the requirements of *Singapore Standard on Auditing 600, Special Considerations – Audit of Group Financial Statements (including the Work of Component Auditors)*. Therefore, we were unable to obtain sufficient appropriate evidence to ascertain the carrying amount of the Group’s investment in Fiamma as at 30 September 2018, the Group’s share of Fiamma’s results and other comprehensive income for the financial year then ended and the related financial information of Fiamma as disclosed in Note 17 to the financial statements, and were unable to determine whether adjustments, if any, to these amounts were necessary...”

Going Forward

For the past few years, the Group Auditor and the Component Auditor have tried to cooperate but failed to find a workable solution or reach an agreement in complying with their respective regulatory

and other requirements. The Board is of the view that even though the Company has significant influence over Fiamma, it does not have authority to dictate what the Component Auditor can or cannot do to assist the Group Auditor, and hence there is nothing much the Company can do in changing the situation. So going forward, the Company foresees that the audit opinion shall remain status quo unless there is a change in rules and regulation and its implementation.

By order of the Board
Lim Soo Chong
Managing Director and CEO

21 December 2018