CASA HOLDINGS LIMITED

ANNUAL REPORT 2018

CONTENTS

CORPORATE PROFILE

The Group had its beginnings in 1976 when Casa (S) Pte Ltd was set up to market and distribute Faber Cooker hoods. Since then the Group has forged partnerships with some exclusive brand names for home appliances, consumer electronics and bathroom fixtures from Europe. Eventually they become synonymous with quality home appliances.

Listed on 20 September 1995 on SGX Mainboard the Group's core strength is to market, distribute and provide after-sales services/technical supports. In Singapore, the Group has established a wide network of dealers including electrical retailers, interior designers, chain stores and property developers. The Group had a geographical footprint spanning in Southeast Asia, South Asia, North Africa, Middle East and certain European countries to distribute its products and recently focus on South East Asia and Australia.

The Group ventures into property development in the Iskandar region in Malaysia as one of our diversification plans in 2013.

LETTER TO SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors (the "Board"), we present you the annual report of Casa Holdings Limited ("CASA" or the "Group") for the financial year ended 30 September 2018 ("FY2018").

REVIEW OF OPERATIONS

We reported a set of healthy results this year with the Group's revenue reported at $21.5 million for the financial year ended FY2018, an 11.2% increase from $19.3 million as compared to the last financial year ("FY2017"). The increase is mainly due to the Group venturing into the Australian bathroom accessories market and contribution from Beko home appliances.

We are pleased to inform you that it has been a profitable year for CASA. The Group reported a profit after tax of $1.9 million in FY2018 as compared to a loss after tax of $14.0 million in FY2017. The loss suffered in FY2017 was mainly attributable to our aggregate losses of $13.8 million investments in Fiamma Holdings Berhad ("Fiamma") consisted of loss on disposal of shares in Fiamma, fair value loss on Fiamma shares held for sale and impairment loss on remaining investments in Fiamma, of $0.5 million, $5.8 million and $7.5 million respectively.

It is heartening to see our profit before tax was $2.4 million, a turnaround from the loss before tax of $13.8 million in the previous financial year. The Group's profit before tax was mainly due to:

(i) profit before tax generated by the trading segment of $1.9 million (2017: $1.9 million);

(ii) gain on disposal of shares in Fiamma of $1.0 million (2017: aggregate loss of $13.8 million);

(iii) share of profit of Fiamma of $1.6 million (2017: $1.9 million); and

(iv) offset by loss from the property development segment of $2.0 million (2017: $1.1 million).

After taking into account of income tax expense and loss attributable to non-controlling interests, the Group reported a net profit attributable to equity holders of the Company of $3.2 million in FY2018.

Our earnings per share for FY2018 was 1.52 cents (2017: losses per share of 6.03 cents). Our net asset value per share for FY2018 was 30.05 cents (2017: 28.27 cents).

The Board did not propose any dividend payment for FY2018.

OUTLOOK

The trading environment remains challenging amidst trade war between US and China, changes in government policy on home ownership as well as shift in consumer buyers' pattern. Nonetheless, we remain steadfast in building traditional channels while exploring new channels, new markets and new products. For the past 2 years, we have brought in a new brand Beko Home Appliances and venture into new market such as Australia. While the sales in these markets are promising with rooms to grow, we are concerned with the relatively low gross profit margin and high operating expenses.

Within the Company, we tap on Government funded program to instil positive mindset as part of CASA Corporate Culture, improve our service standards and productivity so that we can improve customer experience with CASA. We are also reorganising our sales team, reviewing their roles and introducing new sales practise. We are hopeful that these new initiatives will help us to identify gaps in growing our market shares.

On the Property Development Segment, the progress of the development will be adjusted in accordance to the market situation, especially with the suspension of construction of KL-Singapore High Speed Rail project till 31 May 2020. However, we are hopeful that the recent progress of Johor-Singapore Rapid Transit System will drive demand for property in Iskandar going forward.

CORPORATE SOCIAL RESPONSIBILITY

As part of our commitment to protecting the environment, we bring in products that are energy efficient. The Group is strongly committed to eco-friendly practices. We implement and encourage energy saving, water conserving and waste reduction measures in the workplace. Moving forward, the Group will be presenting its inaugural Sustainability Report which outlines the Group's commitments towards delivering quality products and services in a responsible and sustainable ways.

APPRECIATION

On behalf of the Board, we would like to express our sincere appreciation to all our valued shareholders, dealers, suppliers, service providers, bankers and business associates for their continued support. We also wish to thank our management team and staff for their dedication and contribution to the Group.

LIM YIAN POH
Chairman and Independent Director

LIM SOO KONG @ LIM SOO CHONG
Founder, CEO and Executive Director

BOARD OF DIRECTORS

MR LIM YIAN POH
Chairman and Independent Director

Mr Lim Yian Poh, age 72, has served as an Independent Director since 4 November 2008. He was last re-elected as a Director on 29 January 2015 and was appointed as a Chairman of the Board of Directors on 14 November 2017. Mr Lim has extensive experience in the banking and finance industry and is currently the managing director of Yian Poh Associates, a financial consultancy and investment firm. He is also an independent director of TTJ Holdings Limited and Zicom Group Limited, a company listed on the Australian Stock Exchange. He is an Honorary Commercial Advisor to The Administrative Committee of JiaXing Economic Development Zone, China, and Expert Consultant of Suzhou Vocational University, China. He holds a Bachelor of Science degree from Nanyang University, Singapore and a Master of Science degree from the University of Hull, UK.

DR LOW SEOW CHAY
Independent Director

Dr Low Seow Chay, age 69, has served as an Independent Director of Casa Holdings Limited since 28 August 1995. He is the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee. He was last re-elected as a Director on 20 January 2017. Dr Low was an associate professor with Nanyang Technological University and a retired Member of Parliament serving the Single Member Constituency ward of Chua Chu Kang. He is now an independent director of Hor Kew Corporation Limited, Hai Leck Holdings Limited and L.K. Technology Holdings Limited. Dr Low holds a PhD in Mechanical Engineering from University of Manchester, UK.

MR LIM SOO KONG @ LIM SOO CHONG
CEO and Executive Director

Mr Lim Soo Kong, age 72, is the CEO of Casa Holdings Limited. He is a founder member of the Company and was appointed to the Board on 2 September 1994. Mr Lim is a director in all the various subsidiaries in the Group. He graduated with a Diploma in Mechanical Engineering from the Singapore Polytechnic.

MR HU ZHONG HUAI
Non-Executive and Non-Independent Director

Mr Hu Zhong Huai, age 41, is a Non-Executive and Non-Independent Director since 30 October 2007 and a major shareholder of Casa Holdings Limited. He was last re-elected as a Director on 31 January 2018. Mr Hu is a director of a major subsidiary in the Group. Mr Hu is a businessman and an entrepreneur in home appliances business. He is currently a director of Arda (Zhejiang) Electrical Co., Ltd, China. He holds a Bachelor of International Business degree from the University of Victoria, Canada.

MR STEFAN MATTHIEU LIM SHING YUAN
Non-Executive and Non-Independent Director

Mr Stefan Matthieu Lim Shing Yuan, age 39, is a Non-Executive and Non-Independent Director of Casa Holdings Limited since 17 September 2009. He is the son of Mr Lim Soo Kong @ Lim Soo Chong. He was last re-elected as a Director on 29 January 2016. Mr Lim is a general manager and a director of Polybuilding (S) Pte Ltd. He holds a Master of Business Systems and Bachelor of Commerce (Accounting & Finance) degree from Monash University, Australia.

KEY MANAGEMENT

MR YUAN HEE PENG

General Manager

Mr Yuan Hee Peng, age 62, is the General Manager and is responsible for the operations in Singapore. He joined the Group in 1980. Mr Yuan holds a Master of Business Administration from the University of Hull, UK and a Bachelor of Business degree from the Royal Melbourne Institute of Technology, Australia and a Diploma in Marketing from the Chartered Institute of Marketing, UK. He is also an ordinary member of the Management Development Institute of Singapore and the Singapore Institute of Management.

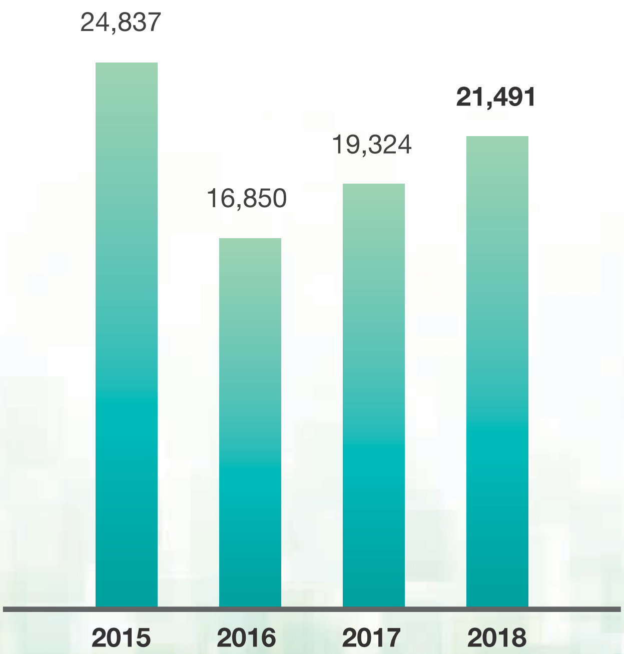
MS MARGARET CHAK LEE HUNG

Group Financial Controller

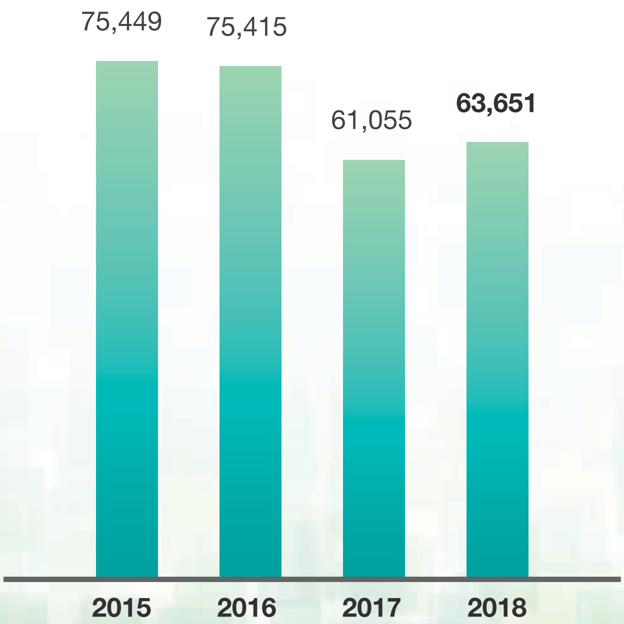
Ms Margaret Chak Lee Hung, age 46, is the Group Financial Controller and Joint Company Secretary. She is responsible for all aspects of financial management, accounting and company secretarial functions of the Group. She joined the Group in 2005 and has more than 20 years of experience in financial management and accounting. She is also a non-independent and non-executive director of Fiamma Holdings Berhad, an associate corporation listed on the Mainboard of the Bursa Malaysia Securities Berhad. Ms Chak holds a Bachelor of Economics (major in Accountancy) degree from Macquarie University, Sydney and is a member of the Institute of Singapore Chartered Accountants.

FINANCIAL HIGHLIGHTS

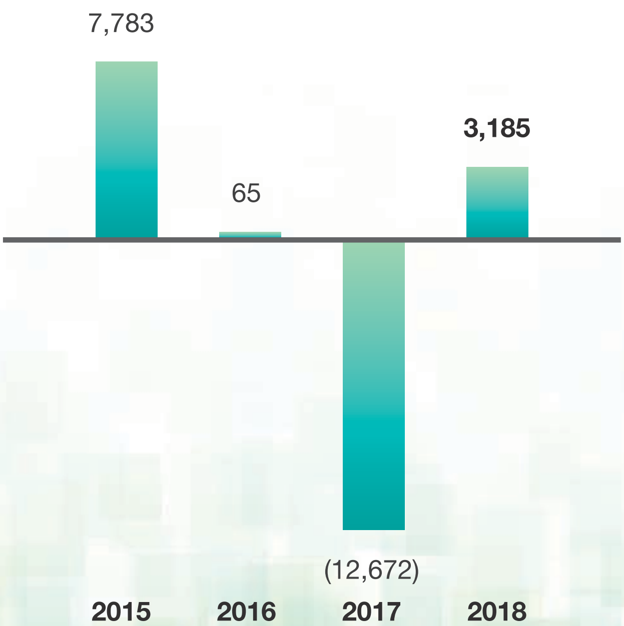
TURNOVER
$'000



NET ASSETS
$'000

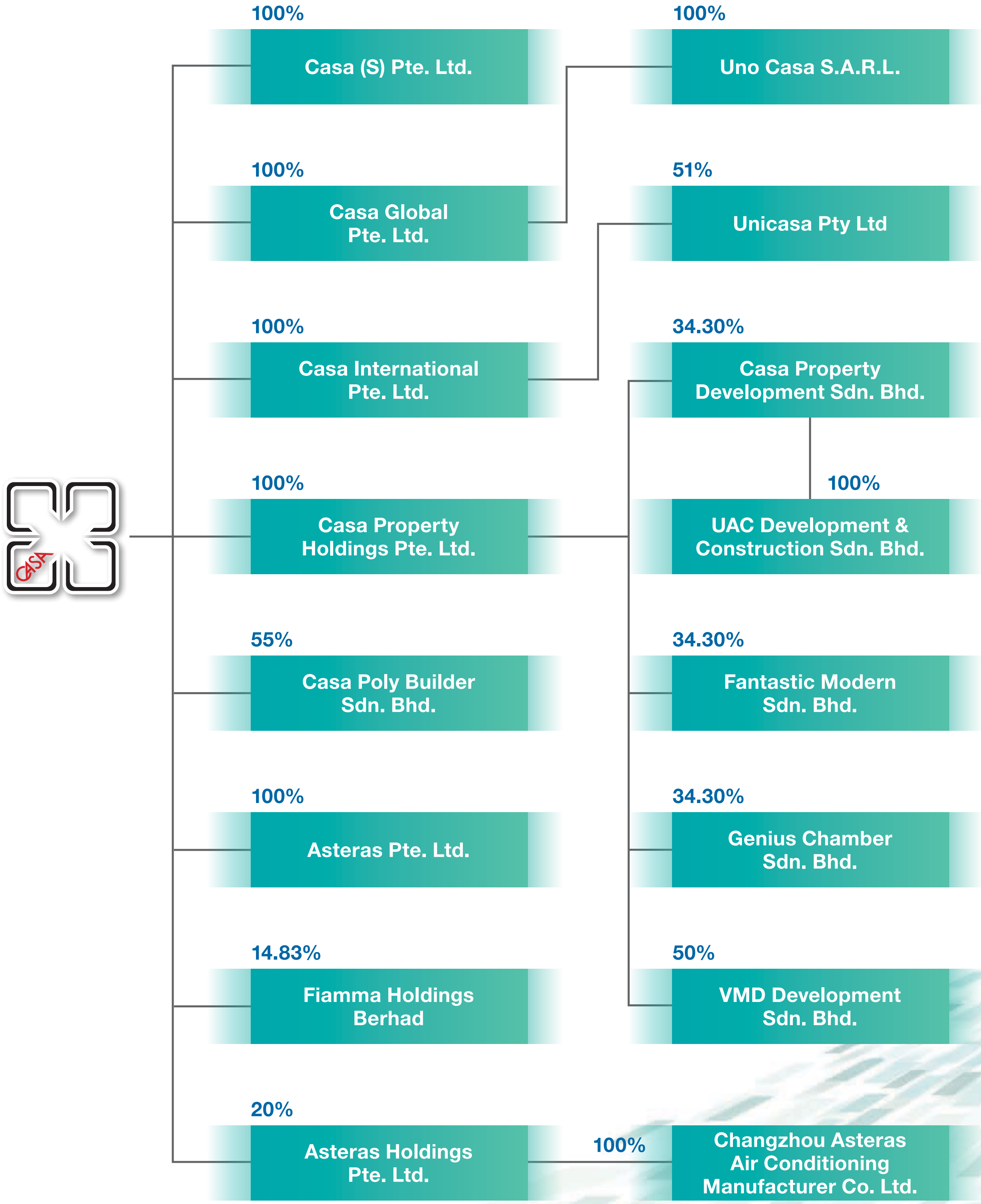


PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS
$'000



NAV PER SHARE
cents

CORPORATE STRUCTURE



CORPORATE GOVERNANCE REPORT AND FINANCIAL CONTENTS

The Board of Directors (the "Board") of Casa Holdings Limited (the "Company") and its subsidiaries (the "Group"), is committed to high standards of corporate governance and adopting the corporate governance practices contained in the Code of Corporate Governance 2012 (the "Code") so as to ensure greater transparency and protection of shareholders' interests. This statement outlines the main corporate governance practices that were in place throughout the financial year.

The Board confirms that the Group has complied with the best practices of the Code throughout the financial year ended 30 September 2018 ("FY2018").

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board has the responsibility for the overall management of the Group. Specifically, the principal functions of the Board are to:

1. Approve the corporate direction and strategy of the Group and monitor the performance of the Management;
2. Approve the nomination of directors and appointment of key managerial personnel;
3. Approve the annual budget, major funding proposals and investment proposals, and ensure the necessary financial and human resources are in place for the Group to meet its objectives;
4. Establish a framework of prudent and effective controls which enable risks to be properly assessed and managed; including safeguarding of shareholders' interests and Group's assets;
5. Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
6. Review the financial performance and necessary reporting compliance;
7. Set Company values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;
8. Assume responsibility for corporate governance; and
9. Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

To assist in the execution of its responsibilities, the Board delegates specific areas of responsibilities, without abdicating its responsibilities to three Board Committees namely the Audit Committee, Nominating Committee and Remuneration Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board.

The Board meets on a regular basis and as when necessary to address any specific significant matters that may arise.

The number of Board and Board Committee meetings held during FY2018 and the attendance of each director where relevant are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings	4	2	1	2
No. of meetings attended by respective directors				
Lim Soo Kong @ Lim Soo Chong	4	N.A.	1	N.A.
Hu Zhong Huai	1	N.A.	N.A.	1
Low Seow Chay	4	2	1	2
Lim Yian Poh	4	2	1	2
Stefan Matthieu Lim Shing Yuan	3	1	N.A.	N.A.

All directors except for Mr. Hu Zhong Huai, attended the AGM held on 31 January 2018. Mr. Hu was unable to board airplane to fly to Singapore due to high fever detected at the airport.

The Board has identified a number of areas for which the Board has direct responsibility for decision making. Interested Person Transactions and the Group's internal control procedures are also reviewed by the Board. Major investments and funding decisions are approved by the Board.

The Board also meets to consider the following corporate matters:-

(i) Approval of half yearly and year end result announcements;

(ii) Approval of the annual reports and accounts;

(iii) Convening of shareholder's meetings;

(iv) Approval of corporate strategies;

(v) Material acquisitions and disposals of assets;

(vi) Declaration of interim dividends and proposal of final dividends; and

(vii) Appointment and removal of the Company Secretaries.

There were no incoming Directors during the course of the financial year. When the existing Directors were appointed, the Company conducted a comprehensive orientation programme to provide them with extensive background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Directors have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. The orientation programme gives the Directors an understanding of the Group's businesses to enable them to assimilate into their new role. It also allows the new Directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management.

Board members have attended seminars and received training in connection with their duties as directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations, accounting standards and changing commercial risks to enable them to make well-informed decision and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

The Directors are updated on the regulations of the SGX-ST, Companies Act and other statutory requirements when the need arises.

The duties and responsibilities of the executive directors are clearly set out in their service agreements.

Principle 2: Board Composition and Guidance

The Board of Directors comprises 5 directors, 2 of whom are independent directors. The Directors of the Company as at the date of this statement are:

(i) Mr Lim Yian Poh (Chairman and Independent Director)

(ii) Mr Lim Soo Kong @ Lim Soo Chong (Executive Director and Chief Executive Officer)

(iii) Mr Hu Zhong Huai (Non-Executive and Non-Independent Director)

(iv) Dr Low Seow Chay (Independent Director)

(v) Mr Stefan Matthieu Lim Shing Yuan (Non-Executive and Non-Independent Director)

The Nominating Committee ("NC") is of the view that the current Board comprises directors who as a group provide core competencies such as commerce, business or management experience, industry knowledge, strategic planning experience, customer-based experience or knowledge and familiarity with regulatory requirements and risk management.

The Board is of the view that the current size of the Board is appropriate for effective decision making, taking into account the nature and scope of the Company's operations.

Key information regarding the Directors is provided on Page 4.

Independent Directors

The Board has two directors who are independent members. The criteria for independence is determined based on the definition as provided in the Code. Each Independent Director is required to declare his independence on an annual basis. In respect of the financial year ended 30 September 2018, NC is satisfied with the independent status of the Independent Directors and the independent element on the Board is maintained.

In the course of the financial year, the NC assessed the independence of Board members in light of Guideline 2.4 of the Code which requires that the independence of any Director who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review. Dr Low Seow Chay who was appointed as an Independent Director on 28 August 1995 and Mr Lim Yian Poh who was appointed as an Independent Director on 4 November 2008 have served on the Board for more than nine years. The Board is of the view that both Dr Low and Mr Lim have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinised Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management. Taking into account the above, and also having weighed the need for the Board's refreshment against tenure for relative benefit, the Board has recommended that both Dr Low and Mr Lim continue to be considered as Independent Directors.

The Company coordinates informal meeting sessions for independent directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Director(s).

Principle 3: Chairman and Chief Executive Officer

In compliance with the Code, the Chairman and the Chief Executive Officer ("CEO") are separate persons. The Chairman is Mr Lim Yian Poh, while the CEO is Mr Lim Soo Kong @ Lim Soo Chong. Both the Chairman and the CEO are not related to each other.

The roles of the Chairman and the CEO are separate. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman:

(i) Oversees the Group's corporate governance structure and conduct to ensure high standard of corporate governance;

(ii) Leads the Board to ensure effective functioning of the Board and its Board committees;

(iii) Sets the agenda and ensures that adequate time is available for discussion of all items on the agenda, in particular strategic issues;

(iv) Promotes a culture of openness and debate at the Board;

(v) Ensures that the Directors receive complete, adequate and timely information;

(vi) Ensures effective communication with Shareholders;

(vii) Encourages constructive relations within the Board and between the Board and the management; and

(viii) Facilitates the effective contribution of Non-Executive directors.

The Board has delegated the day-to-day management to the CEO. The CEO is the overall coordinator of the Management team for the effective implementation of business strategies and policies and is supported by the respective Heads of Departments. The CEO also assists in ensuring compliance with the Company's guidelines on corporate governance.

Principle 4: Board Membership

The NC comprises 3 directors, a majority of whom are independent. The members of the NC are:

● Dr Low Seow Chay	*Chairman and Independent Director*
● Mr Lim Yian Poh	*Independent Director*
● Mr Lim Soo Kong @ Lim Soo Chong	*CEO, Executive Director*

The NC's principal functions are as follows:

(a) Recommend to the Board on all board appointments and re-appointments;

(b) Determine orientation programmes for new Directors, and recommend opportunities for the continued training and professional development of the Directors;

(c) Determine independence of the Directors annually;

(d) Determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company taking into consideration of the individual Director's competencies, commitment, contribution and performance, such as his attendance at meetings of the Board and/or Board committees, participation, candour and any special contribution;

(e) Review the size and composition of the Board with the objective of achieving a balanced Board with a proper mix of experience and expertise and progressive renewal of the Board;

(f) Review of board succession plans for the CEO; and

(g) Evaluate the Board's performance and the contribution by each director to the effectiveness of the Board, and to adopt appropriate measures to assess performance.

The NC assesses the effectiveness of the Board as a whole and takes into account each Director's contribution and devotion of time and attention to the Company. The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions. While having a numerical limit on the number of Directorships may be considered by some other companies to be suitable for their circumstances, at present the Company considers the assessment as described above to be more effective for its purposes. The Company also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for appointment as director.

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

Pursuant to Article 107 of the Company's Constitution, all Directors shall retire from office once every three years and one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company's AGM. In addition, Article 117 of the Company's Constitution provides that a newly appointed director must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years.

The Board recognises the contribution of its Independent Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary.

Principle 5: Board Performance

The NC has an established appraisal process to assess the performance and effectiveness of the Board as a whole. In this aspect, both quantitative and qualitative criteria were adopted. The criteria adopted include the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board.

On an annual basis, each Director will assess the effectiveness and performance of the Board as a whole. The Company has also put in place a process to assess the performance of individual Directors as well as the Board Committees.

Principle 6: Access to Information

Management provides the Board with adequate and timely information on matters which require the Board's decision or approval, or which the Board should have knowledge of. Requests for information from the Board are dealt with promptly by management. The Board has separate and independent access to senior management.

The Board is informed of all material events and transactions as and when they occur. The management consults with Board members regularly whenever necessary and appropriate. The Board is issued with board papers timely and prior to Board meetings. All Directors are updated on an on-going basis via Board meetings and by way of circulars on matters relating to changes to the regulations of the SGX-ST, Companies Act, accounting standards and other statutory requirements.

Information provided also include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets and monthly internal financial statements on significant subsidiary corporations.

The Board also has separate and independent access to the company secretary at all times. The phone numbers and email addresses of each Director and Company Secretary have also been provided to facilitate access to any required information.

The Company Secretaries, or her representatives, attend all board meetings. The Company Secretaries administer, attend and prepare minutes of Board meetings, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with and advises the Board on all governance matters. The Company Secretaries shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive directors, and shall facilitate orientation and assist in professional development when required.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice.

Principle 7: Policy for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises 3 directors, all non-executive with a majority of whom are independent. The members of the RC are:

- Dr Low Seow Chay — Chairman and Independent Director
- Mr Lim Yian Poh — Independent Director
- Mr Hu Zhong Huai — Non-Executive and Non-Independent Director

The functions of the RC are to review and recommend the remuneration packages of the Executive Directors and key management personnel of the Company to ensure that it is competitive and sufficient to attract, retain and motivate personnel of the required quality; oversee and review the administration and management of the Employees Share Options ("ESOS"), if any, and to review the appropriateness of compensation for Non-Executive Directors commensurate with the contribution and responsibilities of the directors including but not limited to Directors' fees, allowances, bonuses, share options, share-based incentives and awards and benefits in kind, if any. The RC has access to external expert advice, if required.

Principle 8: Level and Mix of Remuneration

In making its recommendations to the Board on the level and mix of remuneration, the Remuneration Committee seeks to be competitive in order to attract, motivate and retain high-performing executives to drive the Group's businesses whilst operating within the Group's risk parameters, so as to maximise long-term shareholder value. In its deliberation of remuneration level and mix, the RC takes into consideration industry practices and benchmarks against relevant industry players as well as comparable positional responsibilities to ensure that its remuneration practices are competitive. The Company adopts a performance-driven and meritocratic approach to compensation, with rewards linked to individual and corporate performance to align interests of Management with those of Shareholders and promote the long-term success of the Company. Such performance-related remuneration should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks.

The Executive Director(s) have service contracts which include a profit sharing element which is Group performance related. Non-Executive Directors have no service contracts. The payment of fees to Non-Executive Directors is subject to approval at the annual general meeting of the Company. No director is involved in deciding his own remuneration.

Principle 9: Disclosure on Remuneration

A breakdown showing the level and mix of each individual director's remuneration paid or payable for FY2018 is as follows:

	2018	2017
$500,000 to below $750,000	–	–
$250,000 to below $500,000	1	1
Below $250,000	4	4
Total	5	5

Name	Remuneration Band	Salary %	Profit Sharing %	Fringe Benefits %	Directors' Fees# %	Total %
Lim Soo Kong @ Lim Soo Chong	$250,000 to below $500,000	95.8	–	4.2	–	100
Hu Zhong Huai	Below $250,000	–	–	–	–	–
Low Seow Chay	Below $250,000	–	–	–	100	100
Lim Yian Poh	Below $250,000	–	–	–	100	100
Stefan Matthieu Lim Shing Yuan	Below $250,000	–	–	–	100	100

Directors' fees are subject to Shareholders' approval at the forthcoming annual general meeting.

The Company has only two key management personnel as disclosed in Page 5.

	2018	2017
Remuneration of the two key management personnel		
Below $250,000	2	2

Although the Code recommends the full disclosure of the remuneration of each individual director as well as the disclosure of the total remuneration paid to the top five key management personnel in aggregate, the Board believes that disclosure in such detail may be prejudicial to the business interest of the Group given the highly competitive environment it is operating in as well as competitive pressures in the talent market.

The Company does not have any employee who is an immediate family member of a Director or CEO.

Principle 10: Accountability

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards ("SFRS") prescribed by the Accounting Standards Council. The Company disseminates half-yearly financial results and other related material information of the Group to Shareholders via announcements to the SGX-ST and, where appropriate, press releases, and media and analyst briefings. In communicating and disseminating its results, the Company aims to present a balanced and clear assessment of the Group's performance, position and prospects. In addition, where appropriate and necessary, details on the Group's diverse business operations are also discussed to provide shareholders and the public with clarity and better understanding of its business portfolio. In addition, the Board receives from Senior Management monthly management accounts of significant subsidiaries which present a balanced and understandable assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the Audit Committee ("AC") and approved by the Board of Directors. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

The Board is responsible for the overall internal control framework and has put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Company's internal auditor conduct an annual review of the effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment at least annually to ensure the adequacy thereof. In addition, an annual review is also conducted to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditor in this respect.

The Board has also received assurance from the Chief Executive Officer and the Group Financial Controller that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (ii) the Company's risk management and internal control systems in place are effective.

Based on the internal controls established and maintained by the Group, works performed by internal auditor and actions taken by the management on the on-going review and continuing efforts at enhancing controls and processes, the Board with the concurrence of the AC, is of the view that the system of internal control (including financial, operational and compliance and information technology controls, and risk management systems) maintained by the Company's management is adequate and effective against material financial misstatements or loss, and includes the safeguarding of shareholders' investments and the Company's assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and management of business risks.

Principle 12: Audit Committee

All members of the AC are non-executive, a majority of whom are independent directors. At the date of this report, the Audit Committee comprises the following members:

●	Dr Low Seow Chay	Chairman and Independent Director
●	Mr Lim Yian Poh	Independent Director
●	Mr Stefan Matthieu Lim Shing Yuan	Non-Executive and Non-Independent Director

The functions of the AC are as follows:

(a) Review the half-yearly and annual financial statements and the independent auditor's report of the Group and the Company before submitting to the Board of Directors; such reviews will also include the review of the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance;

(b) Review and report to the Board at least annually, with the management and the internal auditor, the adequacy and effectiveness of the Group's internal financial controls, operational, compliance controls and information technology controls, and risk management policies and systems established by the management;

(c) Review the adequacy and effectiveness of the Group's internal audit function; including the audit plans of the internal auditor for the financial year;

(d) Review the scope, results, cost effectiveness of the external audit, and the independence and objectivity of the independent auditor;

(e) Review compliance with the corporate governance guidelines on processes and activities adopted by the Board;

(f) Review related and interested party transactions; and

(g) Make recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the independent auditor, and approve the remuneration and terms of engagement of the independent auditor.

There is a whistle-blowing policy for the Group and policies and procedures are in place for any staff of the Group who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policies and procedures have been reviewed by the AC.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the Company's management and both the independent auditor and internal auditor and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. During the financial year, the AC met with the independent auditor and internal auditor once without the presence of the management. The Company has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to its auditors.

The AC, having reviewed the range and value of non-audit services performed by the independent auditor, Nexia TS Public Accounting Corporation, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor, are pleased to confirm their re-nomination. During the financial year under review, the aggregate amount of fees paid to the independent auditor for audit and non-audit services amounted to S$93,000 and $21,000 respectively.

The AC is guided by the terms of reference which stipulate its principal functions.

The AC meets regularly with the Management and the independent auditor to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit functions to ensure that an effective system of control is maintained in the Group.

On a half yearly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

The AC is kept abreast by the Management, Company Secretaries and the independent auditor of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

Principle 13: Internal Audit

The Company outsources its internal audit function to an external professional firm, who reports directly to the Chairman of AC and administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the internal auditor. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner. The Internal Auditor has unfettered access to all the company's documents, records, properties and personnel, including access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

Principle 14: Shareholder Rights

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally provided with fair, relevant, comprehensive, pertinent and timely information of all major developments impacting the Group to enable them to make informed investment decisions.

At the Company's annual general meetings, shareholders are given the opportunity to voice their views and ask directors or management questions regarding the Company. Shareholders are also informed of the rules, including voting procedures, that govern general meetings of shareholders.

Principle 15: Communication with Shareholders

Material price sensitive and other pertinent information are simultaneously disseminated to the SGX-ST, and where relevant, the press. Results and annual reports are announced or issued within the mandatory period. Contact details and channels of communications with shareholders and public remain open and relevant information is duly updated and conveyed via the Company's websites and email channels.

Principle 16: Conduct of Shareholder Meetings

The Board welcomes the view of shareholders on matters affecting the Company at shareholders' meetings. The Board encourages active shareholder participation in general shareholders meetings, including AGMs and EGMs. It believes that general meetings are an opportune forum and suitable platform for shareholders, the Board and Management of the Company to engage in active exchange of ideas. In addition, the Company holds such shareholders meetings onsite at its premises in order to provide shareholders with greater opportunity to understand and appreciate the Company's business operations.

The Company sends its Annual Report and Notice of AGM to all shareholders. The Notice will also be published in either The Straits Times or The Business Times newspapers and will be made available on SGXNET. Separate resolutions are proposed for substantially separate issues at the meeting. At its AGM, shareholders have the opportunity to raise questions to the Board and senior Management, and clarify with them any issues they may have relating to the resolutions to be passed. The Chairman of the Audit, Remuneration and Nominating Committees, Board members and senior Management are required to attend shareholders' meetings and are on hand to address any questions raised. The Company's independent auditor is also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditors' report, where necessary and appropriate.

Dealing in Securities

In line with Listing Rule 1207 (19) of the Listing Manual, the Company has in place a policy prohibiting dealings in the shares of the Company by Directors and Officers of the Company for the period of one month prior to the announcement of the Company's half yearly and yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and Officers are discouraged from trading the Company's securities on short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There were no interested person transactions (with value more than $100,000) for FY2018 except as follows:

Name of interested person	Nature	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Multicable Manufacturing (S) Pte Ltd	Rental income received	$475,000
Arda (Zhejiang) Electrical Co., Ltd	Purchase of goods	$636,000

The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 30 September 2018 and the statement of financial position of the Company as at 30 September 2018.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 27 to 83 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 September 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

Lim Soo Kong @ Lim Soo Chong
Hu Zhong Huai
Low Seow Chay
Lim Yian Poh
Stefan Matthieu Lim Shing Yuan

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 30.9.2018	At 1.10.2017	At 30.9.2018	At 1.10.2017
The Company				
(No. of ordinary shares)				
Lim Soo Kong @ Lim Soo Chong	59,944,202	17,139,670	–	107,011,330
Hu Zhong Huai	60,826,710	17,380,110	–	107,011,330
Immediate and Ultimate Holding Corporation				
- Azzuri Holdings Pte Ltd [(a)]				
(No. of ordinary shares)				
Lim Soo Kong @ Lim Soo Chong	–	2,000,000	–	–
Hu Zhong Huai	–	2,030,000	–	–

(a) Azzuri Holdings Pte Ltd ceased to be the immediate and ultimate holding corporation of the Company on 21 August 2018.

Directors' interests in shares or debentures (continued)

By virtue of Section 7 of Singapore Companies Act, Chapter 50, Lim Soo Kong @ Lim Soo Chong and Hu Zhong Huai are deemed to have interests in all the ordinary shares of the Company's subsidiary corporations.

The directors' interests in the ordinary shares of the Company as at 21 October 2018 were the same as those as at 30 September 2018.

Share options

No options have been granted to subscribe for unissued shares of the Company or its subsidiary corporations during the financial year.

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

There were no unissued shares of the Company or its subsidiary corporations under options at the end of the financial year.

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Low Seow Chay	(Chairman and Independent Director)
Lim Yian Poh	(Independent Director)
Stefan Matthieu Lim Shing Yuan	(Non-Executive and Non-Independent Director)

The AC met 2 times in the financial year under review and carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the AC:

- reviewed with the independent auditor, the audit plan, their evaluation of the Group's system of internal accounting controls, their audit report, management letter and the management's response; and also the assistance given by the Company's officers to the independent auditor;
- reviewed the scope and results of audit and its cost effectiveness and the independence and objectivity of the independent auditor, and where the independent auditor also supply a substantial volume of non-audit services to the Company, reviewed the nature and extent of such services to maintain the balance of objectivity and value for money;
- reviewed the half-year and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board of Directors (the "Board") for approval;
- reviewed annually the effectiveness of the Company's material internal controls including financial, operational and compliance control and risk management;
- reviewed the independence of the independent auditor annually;
- considered and made recommendations to the Board on the appointment, re-appointment and removal of the independent auditor, their remuneration and terms of engagement;
- ensured that the internal audit function is adequately resourced and has appropriate standing within the Company and to review the adequacy of the function annually;
- reviewed the scope and results of the internal audit procedures;

Audit Committee (continued)

- met with the independent auditor and internal auditors without the presence of the management annually;

- reviewed interested persons transactions to be in compliance with the rules of the Listing Manual of Singapore Exchange Securities Trading and other relevant statutory requirements and any potential conflicts of interest; and

- commissioned and reviewed the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board

Lim Soo Kong @ Lim Soo Chong Director	Hu Zhong Huai Director

19 December 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Casa Holdings Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Casa Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 27 to 83.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraphs, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Qualified Opinion

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).

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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Development properties
Refer to Note 2.18 and Note 14 to the financial statements

Area of focus:

The Group has significant development properties located primarily in the Iskandar region of Malaysia. The development properties are held with the intention for development and sale in the ordinary course of business and are stated at the lower of cost and estimated net realisable value ("NRV"), which represents the estimated selling price less costs to be incurred in selling the properties. Management has assessed the current condition of the property market in Malaysia and is of the view that it is not the best appropriate time to continue the development and sell the properties. Hence, the Group has decided to halt the development of the properties temporarily until the arrival of better market opportunities to sell the properties. There is no revenue and related costs recognised from the sale of the Group's development properties for the financial year ended 30 September 2018 as the properties are at early stage of development with no sale transaction.

Specific audit focus in this area is required, as the determination of the estimated NRV of the development properties involves significant judgements and is critically dependent upon the Group's expectation of future selling prices which may be affected by market demand and competition from other property developers, and are assessed with reference to market prices at the reporting date for comparable properties less direct selling expenses, management's estimation of the budgeted total costs to complete the development properties and/or independent real estate valuers' (the "valuers") estimation of the fair values of the land and the developments. The valuation process is inherently subjective and involves significant judgements in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

How our audit addressed the area of focus:

We have discussed with management regarding its plan and status of the Group's development properties and evaluated management's commitment and ability to continue with the development.

We have reviewed the basis used by management in determining the estimated selling price and compared the forecast selling prices to, where applicable, recently transacted prices and prices of comparable properties located within the vicinity as the Group's development project.

We have considered the Group's processes for the selection of the valuers, the determination of the scope of work of the valuers, and the review and acceptances of the valuations reported by the valuers. We also assessed the qualification and competency of the valuers, and read the terms of the engagement of the valuers to determine whether there were any matters that might have affected their objectivity or limited the scope of the work.

We have obtained the valuation reports from the valuers to evaluate the appropriateness of valuation methodologies and significant underlying assumptions used in the valuation. In particular, we compared the fair values against the selling prices of the land and the developments of the same characteristics within the vicinity.

We also reviewed and verified capitalisation of costs in the development properties and considered the adequacy of the disclosures in the financial statements.

Key Audit Matters (continued)

Revenue recognition

Refer to Note 2.2(a) and Note 4(a) to the financial statements

Area of focus:

The Group recognises revenue from sale of goods when significant risks and rewards of ownership of the goods are transferred to the buyer, and it is probable that the goods will not be returned.

Revenue is measured at fair value of the consideration received or receivables as determined based on terms of payments.

During the financial year ended 30 September 2018, the Group recorded revenue of approximately $21,491,000 (2017: $19,324,000). We focused on this area as a key audit matter as there is a presumed fraud risk with regard to revenue recognition and revenue is one of the key performance indicators of the Group. In addition, there is inherent risk that revenue could be misstated and recorded in the incorrect accounting period.

How our audit addressed the area of focus:

We have discussed with management on the processes involved in the sales cycle for each of the revenue stream and have performed a walkthrough test to consolidate our understanding. We have reviewed and assessed that the Group's revenue recognition policy has been consistently applied within the Group.

We have performed test of controls to assess the reliability of the internal controls in place in the sales cycle.

We have performed test of details and sales cut-off procedures at financial year end ascertain that the revenue have been recognised in the correct financial year.

Other information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Meriana Ang Mei Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

19 December 2018

CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2018

	Note	2018 $'000	2017 $'000
Revenue	4(a)	21,491	19,324
Cost of sales		(12,420)	(11,255)
Gross profit		9,071	8,069
Other income	4(b)	1,700	1,343
Other gains/(losses) – net	4(c)	2,614	(11,031)
Expenses			
- Selling and distribution		(2,382)	(2,073)
- Administrative		(7,447)	(9,345)
- Finance	7	(2,662)	(2,500)
Share of profit of associated companies	17	1,614	1,879
Share of loss of a joint-venture company	18	(91)	(100)
Profit/(loss) before income tax		2,417	(13,758)
Income tax expense	8(a)	(495)	(270)
Net profit/(loss)		1,922	(14,028)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation gain/(loss) arising from consolidation		45	(109)
- Share of other comprehensive income/(loss) of associated companies		580	(1,014)
		625	(1,123)
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation gain on property, plant and equipment		–	148
- Share of other comprehensive income of associated companies		–	643
		–	791
Other comprehensive income/(loss), net of tax		625	(332)
Total comprehensive income/(loss)		2,547	(14,360)
Net profit/(loss) attributable to:			
Equity holders of the Company		3,185	(12,672)
Non-controlling interests		(1,263)	(1,356)
		1,922	(14,028)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		3,744	(12,920)
Non-controlling interests		(1,197)	(1,440)
		2,547	(14,360)
Earnings/(losses) per share ("EPS") for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic and diluted EPS	9	1.52	(6.03)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	7,772	3,278	2,827	66
Derivative financial instrument	11	1,261	–	–	–
Trade and other receivables	12	5,740	5,362	32,128	22,381
Inventories	13	5,770	4,621	–	–
Development properties	14	–	53,925	–	–
		20,543	67,186	34,955	22,447
Assets held-for-sale	15	–	9,707	–	7,702
		20,543	76,893	34,955	30,149
Non-current assets					
Club membership	16	–	9	–	–
Derivative financial instrument	11	–	3,213	–	–
Development properties	14	55,488	–	–	–
Investments in associated companies	17	14,283	12,533	10,305	10,305
Investment in a joint-venture company	18	2,398	2,112	–	–
Investments in subsidiary corporations	19	–	–	12,959	12,959
Property, plant and equipment	20	19,150	19,958	–	–
Deferred income tax assets	21	–	83	–	–
		91,319	37,908	23,264	23,264
Total assets		111,862	114,801	58,219	53,413
LIABILITIES					
Current liabilities					
Trade and other payables	22	7,174	12,409	12,240	13,148
Provisions	23	422	392	–	–
Borrowings	24	11,595	13,906	–	–
Current income tax liabilities	8(b)	428	371	–	–
		19,619	27,078	12,240	13,148
Non-current liabilities					
Other payables	22	27,502	14,114	–	–
Provisions	23	165	161	–	–
Borrowings	24	925	12,393	–	–
		28,592	26,668	–	–
Total liabilities		48,211	53,746	12,240	13,148
NET ASSETS		63,651	61,055	45,979	40,265
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	32,315	32,315	32,315	32,315
Currency translation reserve		(10,577)	(11,136)	–	–
Revaluation reserve		12,282	12,282	–	–
Retained profits		29,034	25,849	13,664	7,950
		63,054	59,310	45,979	40,265
Non-controlling interests	19	597	1,745	–	–
Total equity		63,651	61,055	45,979	40,265

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 September 2018

	Attributable to equity holders of the Company						
	Share capital	Currency translation reserve [a]	Revaluation reserve [a]	Retained profits [b]	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2018							
Beginning of financial year	32,315	(11,136)	12,282	25,849	59,310	1,745	61,055
Total comprehensive income/(loss) for the financial year	–	559	–	3,185	3,744	(1,197)	2,547
Incorporation of a subsidiary corporation	–	–	–	–	–	49	49
End of financial year	32,315	(10,577)	12,282	29,034	63,054	597	63,651
2017							
Beginning of financial year	32,315	(10,097)	13,393	36,619	72,230	3,185	75,415
Total comprehensive (loss)/income for the financial year	–	(1,039)	791	(12,672)	(12,920)	(1,440)	(14,360)
Reclassification on disposal and transfer of investments in associated companies	–	–	(1,902)	1,902	–	–	–
End of financial year	32,315	(11,136)	12,282	25,849	59,310	1,745	61,055

(a) Currency translation reserve and revaluation reserve are non-distributable.

(b) Retained profits of the Group's associated companies, if any, are not distributable. Retained profits of the Company amounting to approximately $13,664,000 (2017: $7,950,000) are distributable.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Net profit/(loss)	1,922	(14,028)
Adjustments for:		
- Club membership written-off	9	–
- Depreciation of property, plant and equipment	1,074	1,043
- Fair value loss/(gain) on derivative financial instrument	11	(366)
- Fair value loss on assets held-for-sale	–	5,818
- Finance expenses	2,662	2,500
- Gain on amortisation of interest-free non-current payables	(1,247)	(2,221)
- Gain on amortisation of non-current receivables	–	(107)
- Gain on disposal of assets held-for-sale	(1,036)	–
- Impairment loss on investments in an associated company	–	7,487
- Income tax expense	495	270
- Interest income	(137)	(35)
- Loss on partial disposal of investments in an associated company	–	486
- Property, plant and equipment written-off	–	72
- Share of profit of associated companies	(1,614)	(1,879)
- Share of loss of a joint-venture company	91	100
- Unrealised currency translation (gains)/losses	(282)	938
	1,948	78
Change in working capital		
- Development properties	(62)	(51)
- Inventories	(1,149)	(470)
- Trade and other payables	1,804	(808)
- Trade and other receivables	(355)	1,519
Cash generated from operations	2,186	268
Income tax paid	(355)	(280)
Net cash provided by/(used in) operating activities	1,831	(12)
Cash flows from investing activities		
Dividends received from an associated company	444	677
Interest received	137	35
Investment in a joint-venture company	(384)	(183)
Proceeds from partial disposal of investments in an associated company	–	1,237
Proceeds from disposal of assets held-for-sale	10,743	363
Additions to property, plant and equipment	(158)	(220)
Net cash provided by investing activities	10,782	1,909
Cash flows from financing activities		
Additional bank deposits pledged	(22)	(191)
Interest paid	(1,136)	(1,563)
(Decrease)/increase in bills payable	(371)	894
Proceeds from bank borrowings	2,260	–
Proceeds from related parties' borrowings	5,547	3,348
Repayment of bank borrowings	(13,872)	(9,321)
Repayment of finance lease liabilities	(26)	(20)
Subscription of shares in a subsidiary corporation by non-controlling interests	49	–
Net cash used in financing activities	(7,571)	(6,853)

The accompanying notes form an integral part of these financial statements.

	Note	2018 $'000	2017 $'000
Net increase/(decrease) in cash and cash equivalents		5,042	(4,956)
Cash and cash equivalents at beginning of the financial year		1,654	6,722
Effects of currency translation on cash and cash equivalents		61	(112)
Cash and cash equivalents at end of the financial year	10	6,757	1,654

Reconciliation of liabilities arising from financing activities

	1 October 2017 $'000	Proceeds from borrowings $'000	Repayments $'000	Non-cash changes $'000				30 September 2018 $'000
				Interest expense	Fair value loss	Reclassification[a]	Foreign exchange movement	
Bills payable	2,430	–	(371)	–	–	–	–	2,059
Non-trade payables - related parties	14,114	5,547	–	1,526	–	6,570	(255)	27,502
Bank borrowings	25,602	–	(13,854)[b]	–	–	–	732	12,480
Trade receivables financing liabilities	–	2,260	(1,959)[b]	–	–	–	–	301
Derivative financial instrument	(3,213)	–	1,941[b]	–	11	–	–	(1,261)

(a) Non-trade payables - related parties are reclassified to non-current liabilities as they are payable after one year.

(b) These constitute repayment of bank borrowings.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Casa Holdings Limited (the "Company") is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 15 Kian Teck Crescent, Singapore 628884.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary corporations are set out in Note 19 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"), under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. The consolidated financial statements are presented in Singapore dollar ("$") and all values are rounded to the nearest thousand ("'000") except otherwise indicated.

Interpretation and amendments to published standards effective in 2018

On 1 October 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisional in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods*

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer and it is probable that the goods will not be returned.

(b) *Rendering of services*

Revenue from rendering of services is recognised in the accounting period when the services are rendered.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Dividend income*

Dividend income are recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(e) *Rental income*

Rental income from operating leases are recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) *Subsidiary corporation*

(i) *Consolidation*

Subsidiary corporations are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interest based on their respective interest in a subsidiary corporations, even if this results in the non-controlling interests having a deficit balance.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiary corporation (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, associated companies, and joint-venture company" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies and joint-venture company

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint-venture company is an entity over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entity.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint-venture company (continued)

Investments in associated companies and joint-venture company are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint-venture company are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint-venture company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint-venture company are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated companies or joint-venture company equals to or exceeds its interest in the associated companies or joint-venture company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated companies or joint-venture company. If the associated companies or joint-venture company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies and joint-venture company are eliminated to the extent of the Group's interest in the associated companies or joint-venture company. Unrealised losses are also eliminated unless the transaction provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint-venture company are changed when necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint-venture company are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, associated companies, and joint-venture company" for the accounting policy on investments in associated companies and joint-venture company in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recorded at cost. Leasehold land and buildings are subsequently carried at the revalued amount less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase are recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Assets under construction represents warehouse under construction for Group's own future use.

(iii) Component of costs

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Assets under construction is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	40 – 46 years
Plant and machinery	10 years
Furniture, fittings and facilities	2 – 10 years
Motor vehicles	5 – 8 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses) – net". Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.5 Club membership

Club membership is initially recognised at cost and is subsequently carried at cost less accumulated impairment losses.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

2.7 Investments in subsidiary corporations, associated companies and joint-venture company

Investments in subsidiary corporations, associated companies and joint-venture company are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Derivative financial instrument

Cross currency interest rate swap is transacted to hedge the Group's exposure on foreign currency borrowing. The fair value changes on the cross currency interest rate swap is recognised immediately in profit or loss.

Derivative financial instrument that does not meet the criteria for hedge accounting are classified as financial assets or financial liabilities at fair value through profit or loss. When the fair value is positive, the derivative is recognised as a financial asset, when the fair value is negative, the derivative is recognised as a financial liability.

2.9 Impairment of non-financial assets

Property, plant and equipment
Club membership
Investments in subsidiary corporations, associated companies and joint-venture company

Property, plant and equipment, club membership and investments in subsidiary corporations, associated companies and joint-venture company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in loans and receivables. The classification depends on the purpose for which the asset were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Measurement*

Loan and receivables are initially recognised at fair value plus transaction, and are subsequently carried at amortised cost using the effective interest method.

(d) *Impairment*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(d) Impairment (continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company and its subsidiary corporation have issued corporate guarantees to banks for borrowings of its subsidiary corporations and the joint-venture company. These guarantees are financial guarantees as they require the Company and its subsidiary corporation to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company and its subsidiary corporation will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after that reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Leases

(a) *When the Group is the lessee*

The Group leases certain property, plant and equipment under operating leases from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expenses and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) *When the Group is the lessor*

The Group leases certain property under operating leases to related party.

Lessor - Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2. Significant accounting policies (continued)

2.17 Inventories

Inventories which comprise electrical and electronic home appliances, kitchen and bathroom fixtures and accessories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Development properties

Development properties are those properties which are held with the intention for development and sale in the ordinary course of business. They are stated at the lower of cost and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of properties under development comprise specifically identified costs, including cost of land, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis as part of the cost of the development property until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that cost of development property will exceed sale proceed of the development property, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycles longer than one year.

Sales of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the properties are delivered to the buyer, except in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

Development properties are presented as current assets where development activities have commenced and where the development activities can be completed within the Group's normal operating cycle. Otherwise, they are presented as non-current assets.

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and joint-venture company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

2. Significant accounting policies (continued)

2.19 Income taxes (continued)

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.20 Provisions

Provisions for warranty and demolition costs are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the reporting date. This provision is calculated based on historical experience of the level of repairs and replacements.

2.21 Employee compensation

Employee benefits are recognised as an expense.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

2. Significant accounting policies (continued)

2.22 Currency translation (continued)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the profit or loss within "other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;
(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) all resulting currency translation differences are recognised in the other comprehensive income and accumulated in the currency translation reserve. These currency translation difference are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. Significant accounting policies (continued)

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced. The carrying amounts of the Group's and the Company's loans and receivables as at 30 September 2018 are approximately $13,372,000 and $34,930,000 (2017: $8,536,000 and $22,422,000) respectively.

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will decrease/increase by approximately $21,000/$66,000 (2017: $19,000/$62,000).

(b) *Uncertain tax positions*

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the financial period in which such determination is made. The carrying amounts of income tax and deferred income tax are disclosed in Note 8 and Note 21 respectively.

3. Critical accounting estimates, assumptions and judgements (continued)

(c) *Consolidation of structured entities*

Judgement is required to determine when the Group establishes control over an investee. The Group has made an assessment of the relevant activities of the investee and whether the decisions in relation to those activities require unanimous consent and controls in an investee under a contractual arrangement if the investor has all the following criteria are met:

(i) power over the investee;
(ii) exposure, or rights, to variable returns from involvement with the investee; and
(iii) the ability to use its power over the investee to affect the amount of the investor's returns.

The Group's subsidiary corporations, Casa Property Development Sdn. Bhd., Fantastic Modern Sdn. Bhd. and Genius Chamber Sdn. Bhd. are regarded as subsidiary corporations as the other shareholders have undertaken to follow instructions from the Group to vote in concert with the Group and majority of the Board of Directors are representatives from the Company. Details of the Company's investments in subsidiary corporations and carrying amount are disclosed in Note 19.

(d) *Significant influence over Fiamma Holdings Berhad ("Fiamma")*

As at 30 September 2018, the Company held 74,889,900 ordinary shares (representing approximately 14.83%) of the issued and paid-up share capital of Fiamma and it continued to have representative on the board of directors of Fiamma. Accordingly, the Group made the assessment and concluded that it has significant influence over Fiamma and continued to account for its interest in Fiamma as associated company. Details of the Company's investments in associated companies and carrying amount are disclosed in Note 17.

4. Revenue, other income and other gains/(losses) - net

		Group	
		2018	**2017**
		$'000	**$'000**
(a)	Revenue		
	Sale of goods	21,491	19,324
(b)	Other income		
	Service income	1,036	814
	Rental income from operating lease	481	482
	Interest income from bank deposits	137	35
	Others	46	12
		1,700	1,343
(c)	Other gains/(losses) – net		
	Currency translation gain – net	342	66
	Fair value (loss)/gain on derivative financial instrument	(11)	366
	Fair value loss on assets held-for-sale (Note 15)	–	(5,818)
	Gain on amortisation of interest-free non-current payables	1,247	2,221
	Gain on amortisation of non-current receivables	–	107
	Gain on disposal of assets held-for-sale (Note 15)	1,036	–
	Impairment loss on investment in an associated company (Note 17)	–	(7,487)
	Loss on partial disposal of investment in an associated company	–	(486)
		2,614	(11,031)

5. Expenses by nature

	Group	
	2018	2017
	$'000	$'000
Advertising and promotion	326	283
Allowance for impairment of trade receivables – non-related parties (Note 28(b))	122	70
Club membership written-off	9	–
Commission	531	464
Cost of inventories recognised as an expense (included in cost of sales)	11,877	10,886
Depreciation of property, plant and equipment (Note 20)	1,074	1,043
Directors' fee	151	151
Directors' remuneration	347	347
Employee compensation (Note 6)	4,253	3,517
Fees on audit services paid/payable to:		
- auditor of the Company	93	93
- other auditors	18	17
Fees on non-audit services paid/payable to:		
- auditor of the Company	21	17
Freight charges	532	359
Impairment loss on non-trade receivables – associated company (Note 28(b))	–	2,479
Installation and delivery charges	747	620
Inventories written-down	131	200
Legal and professional fees	139	53
Office expense	340	336
Property, plant and equipment written-off	–	72
Property tax	116	114
Provision for warranty (Note 23)	486	513
Rental expense on operating leases	319	209
Repair and maintenance	113	102
Reversal of allowance for impairment of trade receivables – non-related parties (Note 28(b))	(101)	(23)
Utilities	75	110
Other expenses	530	641
Total cost of sales, selling and distribution, and administrative expenses	22,249	22,673

6. Employee compensation

	Group	
	2018	2017
	$'000	$'000
Wages and salaries	3,678	2,984
Employer's contribution to defined contribution plans including contributions to the Central Provident Fund ("CPF")	575	533
	4,253	3,517

7. Finance expenses

	Group	
	2018	2017
	$'000	$'000
Interest expense		
- Amortised interest on non-current payables	1,526	937
- Bank borrowings	1,075	1,545
- Financing related costs	59	16
- Finance leases	2	2
	2,662	2,500

8. Income taxes

(a) Income tax expense

	Group	
	2018	2017
	$'000	$'000
Tax expense attributable to profit or loss is made up of:		
- Profit from current financial year		
- Current income tax – Singapore	501	418
- Deferred income tax (Note 21)	–	(76)
	501	342
- Reversal in prior financial years		
- Current income tax – Singapore	(89)	(72)
- Deferred income tax (Note 21)	83	–
	495	270

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2018	2017
	$'000	$'000
Profit/(loss) before income tax	2,417	(13,758)
Share of profit of associated companies (Note 17)	(1,614)	(1,879)
Share of loss of a joint-venture company (Note 18)	91	100
Profit/(loss) before income tax and share of profit/(loss) of associated companies and a joint-venture company	894	(15,537)
Tax calculated at tax rate of 17% (2017: 17%)	152	(2,641)
Effects of:		
- different tax rates in other countries	(173)	(225)
- expenses not deductible for tax purposes	1,197	4,035
- income not subject to tax	(678)	(1,156)
- tax incentive	(44)	(26)
- deferred tax assets not recognised	47	355
- reversal of income tax in prior financial years	(6)	(72)
Tax charge	495	270

8. Income taxes (continued)

(b) Movements in current income tax liabilities

	Group	
	2018	2017
	$'000	$'000
Beginning of financial year	371	305
Income tax paid	(355)	(280)
Tax expense for current financial year	501	418
Over-provision of current income tax in prior financial years	(89)	(72)
End of financial year	428	371

(c) There is no tax charge relating to the components of other comprehensive income.

9. Earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the respective financial year.

	Group	
	2018	2017
Net profit/(loss) attributable to equity holders of the Company ($'000)	3,185	(12,672)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	209,826	209,826
Basic earnings/(losses) per share (cents per share)	1.52	(6.03)

There are no dilutive potential ordinary shares during the financial years ended 30 September 2018 and 2017.

10. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash at bank and on hand	6,757	2,285	2,827	66
Short-term bank deposits	1,015	993	–	–
	7,772	3,278	2,827	66

10. Cash and cash equivalents (continued)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2018	2017
	$'000	$'000
Cash and cash equivalents (as above)	7,772	3,278
Less: Bank deposits pledged	(1,015)	(993)
Less: Bank overdrafts (Note 24)	–	(631)
Cash and cash equivalents per consolidated statement of cash flows	6,757	1,654

Bank deposits amounting to approximately $1,015,000 (2017: $993,000) were pledged to the bank to secure credit facilities of the subsidiary corporations (Note 24(a)).

11. Derivative financial instrument

	Group			
	Contract notional amount		Fair value - asset	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-hedging instrument:				
Cross currency interest rate swap	7,719	16,629	1,261	3,213
Analysed as:				
- Current			1,261	–
- Non-current			–	3,213

Cross currency interest rate swap is transacted to hedge variable interest and principal payment of foreign currency borrowings. While cross currency interest rate swap provides hedging effect as required by the Group's risk management policy, the derivative does not meet the criteria for hedge accounting under the specific rules of FRS 39 *Financial Instruments: Recognition and Measurement*. The fair value changes on the cross currency interest rate swap is recognised immediately in profit or loss.

12. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Trade receivables – non-related parties	4,042	4,213	–	–
Less: Allowance for impairment of receivables (Note 28(b))	(214)	(193)	–	–
	3,828	4,020	–	–
Non-trade receivables:				
- Non-related parties	1,526	1,048	33	295
- Related parties	72	22	–	–
- Subsidiary corporations	–	–	32,013	22,003
	1,598	1,070	32,046	22,298
Deposits	174	168	57	57
Prepayments	140	104	25	26
	5,740	5,362	32,128	22,381
Non-current				
Non-trade receivables – associated company	2,479	2,479	–	–
Less: Allowance for impairment of receivables (Note 28(b))	(2,479)	(2,479)	–	–
	–	–	–	–
	5,740	5,362	32,128	22,381

Non-trade receivables from related parties and subsidiary corporations are unsecured, interest-free and repayable on demand.

The non-trade receivables from an associated company is unsecured and shall be repaid in full in 4 years from 2018. In 2017, the Group recognised a full allowance for impairment loss on non-trade receivables from an associated company as there was a possibility that the non-trade receivables from an associated company may not be recoverable in view of the continuous poor financial performance and position of the associated company.

13. Inventories

	Group	
	2018	2017
	$'000	$'000
Finished goods	5,770	4,621

The cost of inventories recognised as an expense and included in "cost of sales" amounting to approximately $11,877,000 (2017: $10,886,000).

During the financial year ended 30 September 2018, the Group recognised a write-down in inventories of approximately $131,000 (2017: $200,000).

14. Development properties

	Group	
	2018	2017
	$'000	$'000
Costs of land	49,497	48,154
Development costs	4,273	4,100
Interest capitalised	1,718	1,671
	55,488	53,925
Analysed as:		
- Current	–	53,925
- Non-current	55,488	–

(a) As at 30 September 2018, development properties with carrying amount of approximately $55,488,000 (2017: $53,925,000) are mortgaged to banks for credit facilities granted to the subsidiary corporations (Note 24(a)).

(b) The development properties were reclassified to non-current assets as the Group does not expect to realise the assets within the normal operating cycle from the reporting period.

(c) Details of the development properties of the Group at 30 September 2018 are as follows:

Description of location	Purpose	Tenure	Site area sqm	Stage of completion	Group's effective interest
Teluk Jawa, Mukim of Plentong, Johor, Malaysia	Residential and commercial	Freehold	53,671	–	34.3%
Title GM339 Lot 5, Mukim of Plentong, Johor, Malaysia	Residential and commercial	Freehold	18,590	–	34.3%
Title GM340 Lot 6, Mukim of Plentong, Johor, Malaysia	Residential and commercial	Freehold	16,971	–	34.3%

(d) The Group had allocated 13,000 sqm of the land area at Teluk Jawa, Mukim of Plentong, Johor, Malaysia for its Seventh Cove residential project which is temporarily put on hold. The Group is in the process of converting the land under Titles GM 339 Lot 5 and GM 340 Lot 6, located at Mukim of Plentong, Johor, Malaysia into commercial zoning.

15. Assets held-for-sale

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Beginning of financial year	9,707	660	7,702	660
Transfer from investments in associated companies (Note 17)	–	15,505	–	7,702
Fair value loss recognised in profit or loss (Note 4(c))	–	(5,818)	–	(20)
Disposal	(9,707)	(640)	(7,702)	(640)
	–	9,707	–	7,702

15. Assets held-for-sale (continued)

During the financial year ended 30 September 2018, the Company disposed 58,000,000 ordinary shares of the issued and paid-up share capital of its associated company, Fiamma, of which, 30,000,000 and 28,000,000 ordinary shares were sold to a related party and a non-related party respectively, for a total consideration of approximately RM31,900,000 (approximately $10,743,000) and recognised gain of approximately $1,036,000 (Note 4(c)).

In 2017, the Company committed a plan to dispose 58,000,000 ordinary shares of the issued and paid-up share capital of Fiamma. Consequently, the related carrying amount of the investment in associated company was transferred to assets held-for-sale and written down to their fair value less costs to sell of approximately $9,707,000 being the price quoted in an active market, therefore classified within Level 1 of the fair value hierarchy. Difference between carrying amount and fair value of approximately $5,818,000 was recognised to profit or loss as fair value adjustment (Note 4(c)).

16. Club membership

	Group	
	2018	**2017**
	$'000	**$'000**
Cost		
Beginning of financial year	41	41
Less: Write-off	(41)	–
End of financial year	–	41
Allowance for impairment		
Beginning of financial year	32	32
Less: Write-off	(32)	–
End of financial year	–	32
Net book value	–	9

17. Investments in associated companies

	Company	
	2018	**2017**
	$'000	**$'000**
Investment in equity shares, at cost		
Beginning of financial year	10,305	18,948
Disposal	–	(941)
Transfer to assets held-for-sale (Note 15)	–	(7,702)
End of financial year	10,305	10,305

17. Investments in associated companies (continued)

	Group	
	2018	2017
	$'000	$'000
Beginning of financial year	12,533	36,416
Disposal	–	(1,722)
Share of profit of associated companies	1,614	1,879
Dividends received	(444)	(677)
Share of other comprehensive income/(loss)	580	(371)
Transfer to assets held-for-sale (Note 15)	–	(15,505)
Impairment loss (Note 4(c))	–	(7,487)
End of financial year	14,283	12,533

The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, the country of incorporation is also their principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest	
		2018	2017
Fiamma Holdings Berhad [(a)]	Malaysia	14.83	26.12
Asteras Holdings Pte Ltd [(b)]	Singapore	20.00	20.00

(a) Audited by KPMG, Malaysia
(b) Not required to be audited under the laws of the country of incorporation and has no significant impact to the financial statements of the Group.

Fiamma Holdings Berhad ("Fiamma") is an investment holding company with subsidiary corporations operating in Malaysia.

In 2017, the Company committed a plan to dispose 58,000,000 ordinary shares of the issued and paid-up share capital of Fiamma. Consequently, the related carrying amount of the investment in associated company was transferred to assets held-for-sale (Note 15) and measured at its fair value less costs to sell. In view that the Group has recognised loss from partial disposal of its interest in Fiamma and fair value loss on the proposed disposal of its interest in Fiamma classified as assets held-for-sale, management has performed an impairment assessment of its remaining interest in Fiamma based on fair value less costs to sell and recognised an impairment loss of approximately $7,487,000 (Note 4(c)).

As at 30 September 2018, the fair value of the Group's interest in Fiamma, which is listed in the Bursa Malaysia, was approximately $12,579,000 (2017: $12,533,000). The fair value measurement is classified within Level 1 of the fair value hierarchy. The carrying amount of the Group's interest was approximately $14,283,000 (2017: $12,533,000).

Although the fair value of the interest in Fiamma is lower than its carrying amount, management is of the view that no impairment assessment is required as Fiamma is held for long term investment and it is unlikely that its recoverable amount would be lower than the carrying amount in view of the positive performance of Fiamma in the current and prior financial years, taking into consideration that the Group continued to recognise share of profits and received dividends from Fiamma of approximately $1,614,000 and $444,000 (2017: $1,928,000 and $677,000), respectively.

There are no contingent liabilities relating to the Group's interest in the associated companies.

The Group has not recognised its share of loss for the financial year ended 30 September 2018 of approximately $47,000 (2017: $130,000) relating to Asteras Holdings Pte Ltd ("Asteras") as the Group has no contractual obligation to share loss in excess of its cost of investment. The Group's share of unrecognised loss with respect to Asteras was approximately $177,000 (2017: $130,000) at the reporting date.

17. Investments in associated companies (continued)

Summarised financial information for associated company

Set out below are the summarised financial information for Fiamma which are derived based on the unaudited financial statements.

Summarised statement of financial position

	2018 $'000	2017 $'000
Current assets	191,093	166,272
Includes:		
- Cash and cash equivalents	33,957	25,406
Current liabilities	72,404	47,848
Includes:		
- Financial liabilities (excluding trade payables)	39,204	26,774
Non-current assets	68,634	67,468
Non-current liabilities	24,957	35,603
Includes:		
- Financial liabilities	20,544	31,391
- Other liabilities	4,412	4,212
Net assets	162,366	150,289
Analysed as:		
- Net assets attributable to equity holders of Fiamma	154,808	143,512
- Net assets attributable to non-controlling interests	7,558	6,777

Summarised statement of comprehensive income

	2018 $'000	2017 $'000
Revenue	112,180	101,266
Interest income	731	577
Expenses	(97,305)	(90,977)
Includes:		
- Depreciation and amortisation	(1,529)	(1,659)
- Interest expense	(2,297)	(1,494)
Profit before income tax	15,606	10,866
Income tax expense	(3,777)	(3,104)
Net profit	11,829	7,762
Other comprehensive (loss)/income	(122)	2,555
Total comprehensive income	11,707	10,317
Total comprehensive income attributable to equity holders of Fiamma	10,701	9,744
Total comprehensive income attributable to non-controlling interests	1,006	573
Dividends received from associated company	444	677

17. Investments in associated companies (continued)

Summarised financial information for associated company (continued)

The information in preceding page reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

	2018 $'000	2017 $'000
Net assets attributable to equity holders		
At 1 October	143,512	141,902
Profit for the financial year	10,885	7,222
Other comprehensive (loss)/income	(83)	2,522
Other equity transaction	(3,409)	(4,581)
Currency translation differences	3,903	(3,553)
At 30 September	154,808	143,512
Interest in an associated company (2018: 14.83%, 2017: 26.12%)	22,958	37,485
Classified as assets held-for-sale (Note 15)	–	(15,505)
Less: Impairment loss	(7,487)	(7,487)
Less: Bargain purchase	(1,188)	(1,960)
Carrying value of Fiamma, representing carrying value of the Group's investments in associated companies	14,283	12,533

18. Investment in a joint-venture company

	Group	
	2018 $'000	2017 $'000
Beginning of financial year	2,112	2,038
Addition	384	183
Share of loss of a joint-venture company	(91)	(100)
Currency translation differences	(7)	(9)
End of financial year	2,398	2,112

18. Investment in a joint-venture company (continued)

The joint-venture company as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group, the country of incorporation is also its principal place of business.

Name of entity	Principal activities	Place of business/ country of Incorporation	% of equity interest	
			2018	**2017**
VMD Development Sdn. Bhd. ("VMD") [(a)]	Industrial property development	Malaysia	50	50

(a) *Audited by Chan & Co Chartered Accountant, Malaysia for local statutory purpose. Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purpose.*

The Group holds 49% of the voting rights and 1% held in trust by a Malaysian citizen. VMD is structured as a private limited company. The Group has joint control over these arrangements as the contractual agreement requires unanimous consent from all parties and provides all parties of the agreement with rights to the net assets of VMD under the arrangement. Therefore, the arrangement is classified as a joint-venture company, which is accounted for using the equity method in the financial statements of the Group.

There are no contingent liabilities relating to the Group's interest in the joint-venture company.

Summarised financial information for the joint-venture company

Set out below are the summarised financial information for VMD.

Summarised statement of financial position

	2018 $'000	2017 $'000
Current assets	6,939	6,741
Includes:		
- Cash and cash equivalents	370	363
Current liabilities	5,450	4,693
Includes:		
- Financial liabilities (excluding trade payables)	5,450	4,693
Non-current assets	–	–
Non-current liabilities	2,125	2,488
Includes:		
- Financial liabilities	2,125	2,488
Net liabilities	(636)	(440)

18. Investment in a joint-venture company (continued)

Summarised financial information for the joint-venture company (continued)

Summarised statement of comprehensive income

	2018 $'000	2017 $'000
Expenses	(182)	(200)
Includes:		
- Interest expense	(169)	(180)
Loss before income tax	(182)	(200)
Income tax expense	–	–
Net loss	(182)	(200)

The information above reflects the amounts presented in the financial statements of the joint-venture company (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint-venture company.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint-venture company, is as follows:

	2018 $'000	2017 $'000
Net liabilities		
At 1 October	(440)	(222)
Loss for the financial year	(182)	(200)
Currency translation differences	(14)	(18)
At 30 September	(636)	(440)
Interest in joint-venture company (2018 and 2017: 50%)	(318)	(220)
Loan to joint-venture company classified as cost of investment	2,716	2,332
Carrying value of VMD	2,398	2,112

19. Investments in subsidiary corporations

	Company	
	2018 $'000	2017 $'000
Equity investments, at cost	12,402	12,402
Non-current advances [(a)]	1,157	1,157
	13,559	13,559
Less: Allowance for impairment	(600)	(600)
	12,959	12,959

(a) Non-current advances form part of the Group's net investments in subsidiary corporation. These advances are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

19. Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 30 September 2018 and 2017:

Name of subsidiary corporations	Principal activities	Country of incorporation	Equity interest held by the Group		Equity interest held by non-controlling interests	
			2018	2017	2018	2017
			%	%	%	%
Held by the Company						
Asteras Pte. Ltd. [(a)]	Dormant	Singapore	100	100	–	–
Casa (S) Pte. Ltd. [(a)]	Distributor of electrical and electronic home appliances	Singapore	100	100	–	–
Casa International Pte. Ltd. [(a)]	Dormant	Singapore	100	100	–	–
Casa Global Pte. Ltd. [(a)]	Investment holding	Singapore	100	100	–	–
Casa Poly Builder Sdn. Bhd. [(b)]	Property holding	Malaysia	55	55	45	45
Casa Property Holdings Pte. Ltd. [(a)]	Investment holding	Singapore	100	100	–	–
Held by Casa International Pte. Ltd.						
Unicasa Pty Ltd [(c)]	Distributor of kitchen and bathroom fixtures and accessories	Australia	51	–	49	–
Held by Casa Global Pte. Ltd.						
Uno Casa S.A.R.L [(d)]	Dormant	Morocco	100	100	–	–
Held by Casa Property Holdings Pte. Ltd.						
Casa Property Development Sdn. Bhd. [(b)(f)]	Property development	Malaysia	34.3	34.3	65.7	65.7
Fantastic Modern Sdn. Bhd. [(b)(f)]	Property development	Malaysia	34.3	34.3	65.7	65.7
Genius Chamber Sdn. Bhd. [(b)(f)]	Property development	Malaysia	34.3	34.3	65.7	65.7
Held by Casa Property Development Sdn. Bhd.						
UAC Development & Construction Sdn. Bhd. [(e)(f)]	Construction	Malaysia	34.3	34.3	65.7	65.7

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.

(b) Audited by ASQ PLT Chartered Accountant, Malaysia for local statutory purpose. Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purpose.

(c) Incorporated during the current financial year. Audited by Nexia Sydney Audit Pty Ltd, Australia for consolidation purpose. Not required to be audited for local statutory purpose under the laws of the country of incorporation.

(d) Not required to be audited under the laws of the country of incorporation and has no significant impact to the financial statements of the Group.

(e) Audited by Chan & Co Chartered Accountant, Malaysia.

(f) These subsidiary corporations are regarded as subsidiary corporations of the Group within the definition of FRS 110 – "Consolidated and Separate Financial Statements".

19. Investments in subsidiary corporations (continued)

Carrying value of non-controlling interests

	Group	
	2018	2017
	$'000	$'000
Casa Property Development Sdn. Bhd.	1,309	2,118
Fantastic Modern Sdn. Bhd.	(288)	(196)
Genius Chamber Sdn. Bhd.	(162)	(83)
Unicasa Pty Ltd	(142)	–
Subsidiary corporations with immaterial non-controlling interests	(120)	(94)
Total	597	1,745

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. They are presented before inter-company eliminations.

	Casa Property Development Sdn. Bhd.		Fantastic Modern Sdn. Bhd.		Genius Chamber Sdn. Bhd.		Unicasa Pty Ltd	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Summarised statements of financial position								
Current								
Assets	5,216	46,749	224	5,604	214	4,524	2,209	–
Liabilities	(26,554)	(26,569)	(3,743)	(2,753)	(2,989)	(2,174)	(2,356)	–
Total current net (liabilities)/ assets	(21,338)	20,180	(3,519)	2,851	(2,775)	2,350	(147)	–
Non-current								
Assets	47,087	5,058	5,538	–	4,462	–	129	–
Liabilities	(23,756)	(22,014)	(2,457)	(3,150)	(1,933)	(2,477)	(272)	–
Total non-current net assets/ (liabilities)	23,331	(16,956)	3,081	(3,150)	2,529	(2,477)	(143)	–
Net assets/(liabilities)	1,993	3,224	(438)	(299)	(246)	(127)	(290)	–

19. Investments in subsidiary corporations (continued)

	Casa Property Development Sdn. Bhd.		Fantastic Modern Sdn. Bhd.		Genius Chamber Sdn. Bhd.		Unicasa Pty Ltd	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Summarised statements of comprehensive income								
Revenue	–	–	–	–	–	–	1,628	–
Loss before income tax, representing net loss and total comprehensive loss	(1,334)	(1,662)	(131)	(192)	(116)	(155)	(394)	–
Total comprehensive loss allocated to non-controlling interests	(876)	(1,092)	(86)	(126)	(76)	(102)	(193)	–
Summarised statements of cash flow								
Cash flow from operating activities								
Cash (used in)/provided by operations	(1,885)	(157)	1	(17)	(20)	(15)	104	–
Interest paid	(791)	(1,149)	(126)	(185)	(101)	(148)	–	–
Net cash (used in)/provided by operating activities	(2,676)	(1,306)	(125)	(202)	(121)	(163)	104	–
Net cash (used in)/provided by investing activities	(10)	168	–	–	–	–	(148)	–
Net cash provided by/(used in) financing activities	2,443	(147)	133	99	141	112	322	–
Net (decrease)/increase in cash and cash equivalent	(243)	(1,285)	8	(103)	20	(51)	278	–
Cash and cash equivalent at beginning of financial year	1,747	3,032	216	319	184	235	–	–
Cash and cash equivalent at end of financial year	1,504	1,747	224	216	204	184	278	–

20. Property, plant and equipment

	Leasehold land and buildings $'000	Plant and machinery $'000	Furniture, fittings and facilities $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Group						
2018						
Beginning of financial year						
Cost	–	159	3,241	884	2,790	7,074
Valuation	22,175	–	–	–	–	22,175
	22,175	159	3,241	884	2,790	29,249
Currency translation differences	27	1	2	3	76	109
Additions	–	82	39	37	–	158
Write-off	–	–	(2)	–	–	(2)
End of financial year	22,202	242	3,280	924	2,866	29,514
Representing:						
Cost	–	242	3,280	924	2,866	7,312
Valuation	22,202	–	–	–	–	22,202
	22,202	242	3,280	924	2,866	29,514
Accumulated depreciation						
Beginning of financial year	5,554	128	2,927	682	–	9,291
Currency translation differences	1	–	–	–	–	1
Depreciation charge (Note 5)	884	9	95	86	–	1,074
Write-off	–	–	(2)	–	–	(2)
End of financial year	6,439	137	3,020	768	–	10,364
Net book value						
End of financial year	15,763	105	260	156	2,866	19,150
Representing:						
Cost	–	105	260	156	2,866	3,387
Valuation	15,763	–	–	–	–	15,763
	15,763	105	260	156	2,866	19,150

20. Property, plant and equipment (continued)

	Leasehold land and buildings	Plant and machinery	Furniture, fittings and facilities	Motor vehicles	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2017						
Beginning of financial year						
Cost	–	160	3,193	923	2,794	7,070
Valuation	22,002	–	–	–	–	22,002
	22,002	160	3,193	923	2,794	29,072
Currency translation differences	38	(1)	(3)	–	(70)	(36)
Additions	–	–	110	85	66	261
Write-off	(13)	–	(59)	(124)	–	(196)
Revaluation surplus	148	–	–	–	–	148
End of financial year	22,175	159	3,241	884	2,790	29,249
Representing:						
Cost	–	159	3,241	884	2,790	7,074
Valuation	22,175	–	–	–	–	22,175
	22,175	159	3,241	884	2,790	29,249
Accumulated depreciation						
Beginning of financial year	4,725	123	2,843	686	–	8,377
Currency translation differences	(7)	–	2	–	–	(5)
Depreciation charge (Note 5)	840	5	116	82	–	1,043
Write-off	(4)	–	(34)	(86)	–	(124)
End of financial year	5,554	128	2,927	682	–	9,291
Net book value						
End of financial year	16,621	31	314	202	2,790	19,958
Representing:						
Cost	–	31	314	202	2,790	3,337
Valuation	16,621	–	–	–	–	16,621
	16,621	31	314	202	2,790	19,958

(a) The leasehold land and buildings comprise the following:

(i) Leasehold land and building with a remaining useful life of approximately 7 years, with a further 16-year lease period extension thereafter at the option of a subsidiary corporation. It is located at Kian Teck Crescent, Singapore and is used as office, warehouse and factory. The gross area of the land is approximately 7,552 square metres.

(ii) Building at LA RONCERAIE-EC/M2, land title number 8102/64, located in Casablanca, Prefecture of the districts of Hay Hassani and Ain Choc, boulevard Yacoub Ei Mansour.

(b) As at 30 September 2018, asset under construction with a carrying amount of approximately $2,866,000 (2017: $2,790,000) is mortgaged to a bank for credit facilities granted to a subsidiary corporation (Note 24(a)).

20. Property, plant and equipment (continued)

(c) Valuation of leasehold land and buildings

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the sales comparison and replacement cost approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

Valuation processes of the Group

The Group engages independent professional valuers on a triennial basis and the next revaluation work will be carried out for the financial year ending 30 September 2020.

If the revalued leasehold land and building had been included in the financial statements at costs less accumulated depreciation, the net book value would be approximately $5,394,000 (2017: $5,624,000).

(d) Included within additions in the consolidated financial statements for 2017 was a motor vehicle acquired under finance lease amounted to approximately $41,000.

The carrying amount of a motor vehicle held under finance lease as at 30 September 2018 is approximately $45,000 (2017: $66,000).

21. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined under appropriate offsetting, are shown on the statements of financial position as follows:

	Group	
	2018	2017
	$'000	$'000
Deferred income tax assets	–	83
Movements in net deferred income tax account is as follows:		
Tax losses		
Beginning of financial year	83	7
Tax (charged)/credited to profit or loss (Note 8(a))	(83)	76
End of financial year	–	83

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $2,158,000 (2017: $1,893,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

22. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Trade payables				
- Non-related parties	1,204	1,232	–	–
- Related parties	1,194	–	–	–
Non-trade payables:				
- Non-related parties	84	204	–	–
- Related parties	–	6,570	–	–
- Subsidiary corporations	–	–	12,029	12,920
	84	6,774	12,029	12,920
Accruals for operating expenses	1,815	1,475	211	200
Bills payable	2,059	2,430	–	–
Trade receivables financing liabilities	301	–	–	–
Refundable deposits from customers	517	498	–	28
	7,174	12,409	12,240	13,148
Non-current				
Non-trade payables - Related parties	27,502	14,114	–	–
	34,676	26,523	12,240	13,148

Non-trade payables to related parties and subsidiary corporations are unsecured, interest-free and are payable on demand, except for non-current payables amounting to $27,502,000 (2017: $14,114,000) which are payable after one year.

Bills payable of the subsidiary corporation are secured by corporate guarantees from the Company and certain subsidiary corporations.

The fair value of non-current payables amounting to approximately $26,026,000 (2017: $13,589,000) are computed based on cash flows discounted at market borrowing rate of 5.6% (2017: 5.6%). The fair value is within Level 2 of fair value hierarchy.

23. Provisions

	Group	
	2018	2017
	$'000	$'000
Current		
Warranty (Note (a))	422	392
Non-current		
Demolition costs (Note (b))	165	161
Total	587	553

(a) Warranty

The Group offers warranties on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the reporting date for expected warranty claims based on past experience of the level of repairs and returns and related costs incurred.

Movement in provision for warranty is as follows:

	Group	
	2018	2017
	$'000	$'000
Beginning of financial year	392	319
Provision made (Note 5)	486	513
Provision utilised	(456)	(440)
End of financial year	422	392

(b) Demolition costs

A provision is made in view of the Group's constructive obligation to demolish the sales gallery upon completion of sale of the development properties based on an estimated costs obtained from subcontractor. The effect of discounting has not been recognised in view of insignificant impact.

Movement in provision for demolition costs is as follows:

	Group	
	2018	2017
	$'000	$'000
Beginning of financial year	161	165
Currency translation difference	4	(4)
End of financial year	165	161

24. Borrowings

	Group	
	2018	2017
	$'000	$'000
Current		
Bank borrowings	11,567	13,254
Bank overdraft (Note 10)	–	631
Finance lease liabilities	28	21
	11,595	13,906
Non-current		
Bank borrowings	913	12,348
Finance lease liabilities	12	45
	925	12,393
Total borrowings	12,520	26,299

Bank borrowings of the Group of approximately $12,480,000 (2017: $25,602,000) are subject to monthly (2017: monthly) contractual repricing and the effective interest rates on the borrowings for the reporting period are in the range of 5.14% to 6.46% (2017: 4.58% to 5.86%).

(a) Bank borrowings of the Group are secured over certain bank deposits (Note 10), development properties (Note 14(a)) and leasehold buildings (Note 20(b)). Finance lease liabilities of the Group are secured over a motor vehicle (Note 20(d)). The legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) Fair values of non-current borrowings

	Group	
	2018	2017
	$'000	$'000
Bank borrowings	787	9,663
Finance lease liabilities	5	17
	792	9,680

The above fair values are determined from the cash flow analysis, discounted at market borrowing rates of equivalent instruments at the reporting date which the management expect to be available to the Group as follows:

	Group	
	2018	2017
	%	%
Short-term bank borrowings	5.96	5.83
Finance lease liabilities	2.54	2.54

The fair values are within Level 2 of the fair value hierarchy.

25. Share capital

	Group and Company			
	No. of ordinary shares		Amount	
	2018	2017	2018	2017
	’000	’000	$’000	$’000
Beginning and end of financial year	209,826	209,826	32,315	32,315

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

26. Contingent liabilities

Group

A claim for approximately RM569,000 (approximately $188,000) of damages was lodged by a vendor during the financial year ended 30 September 2018 against a subsidiary corporation in respect of an alleged difference in the cost of land in relation to the land area of a piece of freehold agricultural land forming the subject matter of the Sale and Purchase Agreement. The subsidiary corporation has disclaimed the liability and is defending the action. Legal advice obtained indicates that it is not probable that any significant liability will arise. At the date of these financial statements, the directors are of the view that no material losses will arise in respect of the legal claim.

Group and Company

The Company and its subsidiary corporation have issued corporate guarantees to banks for banking facilities granted to certain subsidiary corporations and the joint-venture company amounting to approximately $12,480,000 and $1,620,000 respectively (2017: $25,664,000 and $1,576,000 respectively) at the reporting date.

The directors estimated that the fair value of the corporate guarantees is negligible in the view that consequential benefits to be derived from its guarantee are not material and therefore not recognised. It is considered unlikely that the Company and its subsidiary corporation will be held liable as a result of the corporate guarantees since there are no default in the payment of borrowings by the subsidiary corporations and the joint-venture company to which guarantees are provided.

27. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group leases land and factories from non-related parties under non-cancellable operating leases agreements. The lease expires on various dates until 15 February 2041 and its term includes provision for rental adjustments.

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2018	2017
	$’000	$’000
Not later than one year	381	122
Between one and five years	759	489
Later than five years	2,065	2,247
	3,205	2,858

27. Commitments (continued)

(b) Operating lease commitments - where the Group is a lessor

The Group leases out factory and office space to a related party under non-cancellable operating leases at a fixed rate.

The future minimum lease receivables under these operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	159	475
Between one and five years	–	159
	159	634

28. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objective and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. These foreign exchange risk exposures are mainly in Malaysian Ringgit ("RM"), Australian Dollar ("AUD"), United States Dollar ("USD") and Euro ("EUR").

The Group does not hedge its foreign currency exposure using any dedicated hedge instruments. Other than the derivative financial instrument hedged on foreign currency borrowings (Note 24), the Group does not have any formal hedging policy against foreign exchange fluctuations. However, the Group continuously monitors its foreign exchange exposure. The objective is to provide some certainty on costs and no speculative foreign exchange transactions are entered.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operation in Malaysia and Australia are managed primarily though borrowings denominated in the relevant foreign currencies and by entering into currency swap, if necessary.

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on information provided to key management is as follows:

Group	SGD $'000	RM $'000	AUD $'000	USD $'000	EUR $'000	Others $'000	Total $'000
2018							
Financial assets							
Cash and cash equivalents	1,489	5,655	288	296	32	12	7,772
Trade and other receivables	4,583	148	460	384	–	25	5,600
Receivables from inter-companies	17,367	49,275	–	1,509	1,740	20	69,911
	23,439	55,078	748	2,189	1,772	57	83,283
Financial liabilities							
Trade and other payables	4,075	24,996	1,724	3,467	296	118	34,676
Borrowings	9,013	3,507	–	–	–	–	12,520
Payables to inter-companies	17,367	49,275	–	1,509	1,740	20	69,911
	30,455	77,778	1,724	4,976	2,036	138	117,107
Net financial liabilities	(7,016)	(22,700)	(976)	(2,787)	(264)	(81)	(33,824)
Derivative financial instrument	7,719	–	–	–	–	–	7,719
Currency exposure of financial (liabilities)/assets, net of those denominated in the respective entities' functional currencies	(2,194)	25,079	70	(2,787)	(264)	(81)	19,823
2017							
Financial assets							
Cash and cash equivalents	921	2,203	–	107	32	15	3,278
Trade and other receivables	4,749	147	–	352	10	–	5,258
Other financial assets	–	9,707	–	–	–	–	9,707
Receivables from inter-companies	18,880	29,924	–	664	1,728	21	51,217
	24,550	41,981	–	1,123	1,770	36	69,460
Financial liabilities							
Trade and other payables	5,422	16,837	–	3,739	300	225	26,523
Borrowings	20,508	5,791	–	–	–	–	26,299
Payables to inter-companies	18,880	29,924	–	664	1,728	21	51,217
	44,810	52,552	–	4,403	2,028	246	104,039
Net financial liabilities	(20,260)	(10,571)	–	(3,280)	(258)	(210)	(34,579)
Derivative financial instrument	16,629	–	–	–	–	–	16,629
Currency exposure of financial (liabilities)/assets, net of those denominated in the respective entities' functional currencies	(3,631)	19,411	–	(3,280)	(258)	(210)	12,032

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on information provided to key management is as follows:

Company	SGD	RM	USD	Total
	$'000	$'000	$'000	$'000
2018				
Financial assets				
Cash and cash equivalents	94	2,727	6	2,827
Trade and other receivables	3,419	28,684	–	32,103
	3,513	31,411	6	34,930
Financial liabilities				
Trade and other payables	12,240	–	–	12,240
Net financial (liabilities)/assets	(8,727)	31,411	6	22,690
Currency exposure of financial assets, net of those denominated in the Company's functional currency	–	31,411	6	31,417
2017				
Financial assets				
Cash and cash equivalents	23	36	7	66
Trade and other receivables	3,696	18,660	–	22,356
Other financial assets	–	7,702	–	7,702
	3,719	26,398	7	30,124
Financial liabilities				
Trade and other payables	13,119	29	–	13,148
Net financial (liabilities)/assets	(9,400)	26,369	7	16,976
Currency exposure of financial assets, net of those denominated in the Company's functional currency	–	26,369	7	26,376

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the RM, AUD, USD and EUR change against the SGD respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset that are exposed to currency risk will be as follows:

	← Increase/(Decrease) → Profit before tax	
	2018	2017
	$'000	$'000
Group		
RM against SGD		
- Strengthened by 3% (2017: 5%)	752	971
- Weakened by 3% (2017: 5%)	(752)	(971)
AUD against SGD		
- Strengthened by 5%	(4)	–*
- Weakened by 5%	4	–*
USD against SGD		
- Strengthened by 1% (2017: 6%)	(28)	(197)
- Weakened by 1% (2017: 6%)	28	197
EUR against SGD		
- Strengthened by 1% (2017: 7%)	(3)	(18)
- Weakened by 1% (2017: 7%)	3	18
Company		
RM against SGD		
- Strengthened by 3% (2017: 5%)	942	1,318
- Weakened by 3% (2017: 5%)	(942)	(1,318)
USD against SGD		
- Strengthened by 1% (2017: 6%)	–*	–*
- Weakened by 1% (2017: 6%)	–*	–*

- * Denotes less than $1,000

(ii) Interest rate risk

The Group's exposure to changes in interest rates arises primarily from the Group's fixed deposits placed with banks and variable rate borrowings amounting to approximately $1,015,000 (2017: $993,000) (Note 10) and $12,480,000 (2017: $25,602,000) (Note 24).

The Group's borrowings at variable rates are contractually repriced monthly. Its interest-bearing assets are not core income producing assets. The Group's income and operating cash flows are therefore substantially independent of changes in market interest rates.

The impact of the change in interest rates of fixed deposit and bills payable will not be significant to the Group.

28. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk arising from the Group's normal commercial operations is controlled by individual operating units within strict credit control and guidelines. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Corporate guarantees provided to banks on subsidiary corporations' and the joint-venture's banking facilities (Note 26)	14,100	27,240

At the reporting date, approximately 19.9% (2017: 23.2%) of the Group's trade receivables were due from a single customer.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
By geographical areas		
Singapore	3,368	4,020
Australia	460	–
	3,828	4,020

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

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

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Past due less than one year	641	485

28. Financial risk management (continued)

(b) Credit risk (continued)

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

The carrying amount of trade receivables – non-related parties individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2018	2017
	$'000	$'000
Past due less than one year	95	263
Past due more than one year	134	66
Less: Allowance for impairment of receivables	(214)	(193)
	15	136
Beginning of financial year	193	152
Allowance made (Note 5)	122	70
Allowance utilised	–	(6)
Reversal of allowance (Note 5)	(101)	(23)
End of financial year (Note 12)	214	193

The impaired trade receivables arise mainly from sales to companies with liquidity problems and have delayed payments of its debts.

The carrying amount of non-trade receivables – associated company determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2018	2017
	$'000	$'000
Beginning of financial year	2,479	–
Allowance made (Note 5)	–	2,479
End of financial year (Note 12)	2,479	2,479

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through adequate amount of committed credit facilities to meet obligations when due. At the reporting date, asset held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 10.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group also manages this risk by securing adequate credit facilities from a spread of reputable financial institutions to ensure necessary liquidity as provided in the statements of financial position.

28. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 5 years $'000
Group		
2018		
Trade and other payables	5,115	29,022
Bills payable	2,059	–
Borrowings	11,898	967
Financial guarantee contracts (Note 26)	14,100	–
2017		
Trade and other payables	9,979	16,002
Bills payable	2,430	–
Borrowings	13,906	12,703
Financial guarantee contracts (Note 26)	27,240	–

	Less than 1 year $'000
Company	
2018	
Trade and other payables	12,240
Financial guarantee contracts (Note 26)	14,100
2017	
Trade and other payables	13,148
Financial guarantee contracts (Note 26)	27,240

The table below analyses the cash flows of derivative financial instrument that are not essential for an understanding of the timing of cash flows. The cash flows of the instrument is grouped into relevant maturity groupings based on the expected settlement date of the cash flows from the reporting date.

	Less than 1 year $'000	Between 1 and 5 years $'000
Group		
2018		
Cross currency interest rate swap		
- Receipts	9,169	–
- Payments	(7,869)	–
2017		
Cross currency interest rate swap		
- Receipts	11,777	9,130
- Payments	(9,862)	(7,652)

28. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required under the terms of its borrowing facilities to maintain a positive net worth during tenure of all activities. The Group's and the Company's strategies which remained unchanged from 2017, is to maintain gearing ratio of not exceeding 1.0 times.

The gearing ratio is calculated as total debt (represented by total borrowings) divided by total equity.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Total debt	12,520	26,299	–	–
Total equity	63,651	61,055	45,979	40,265
Gearing ratio	0.20	0.43	NM	NM

NM: Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 September 2018 and 2017.

(e) Fair value measurement

The following table presents the assets and liabilities measured at fair value classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

28. Financial risk management (continued)

(e) Fair value measurement (continued)

Fair value measurement disclosure of other assets that are recognised or measured at fair value, can be found at Note 11 and Note 15.

Group	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
2018				
Assets				
Derivative financial instrument	–	1,261	–	1,261
2017				
Assets				
Derivative financial instrument	–	3,213	–	3,213
Assets held-for-sale	9,707	–	–	9,707

There were no transfers between Levels 1 and 2 during the financial years ended 30 September 2018 and 2017.

The fair value of financial instruments traded in active market is based on quoted market price at the reporting date. The fair value of assets held-for-sale is classified as Level 1.

The fair value of financial instrument that is not traded in an active market is determined by using valuation techniques. The Group relies on the fair value determined by a financial institution which is derived using valuation techniques, such as option pricing model and/or credit default swap model and involved the use of certain assumptions that are based on market conditions existing at each reporting date, including standard deviation, credit spreads, projected exchange rate and interest rate. The fair value of derivative financial instrument is classified as Level 2.

(f) Financial instruments by category

The carrying amount of financial instruments other than those disclosed on the face of statements of financial position is as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Loans and receivables	13,372	8,536	34,930	22,422
Financial liabilities at amortised cost	47,196	52,822	12,240	13,148

29. Related party transactions

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

(a) *Sales and purchases of goods and services*

	Group	
	2018 $'000	2017 $'000
Purchases from related parties	1,960	629
Rental income from a related party	475	475

Other related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 30 September 2018, arising from sales/purchases of goods and services, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Note 12 and Note 22 respectively.

(b) *Key management's personnel compensation*

Key management personnel compensation is as follows:

	Group	
	2018 $'000	2017 $'000
Wages and salaries:		
- Directors of the Company	340	340
- Other key management	286	351
Employer's contribution to defined contribution plans, including Central Provident Fund:		
- Directors of the Company	7	7
- Other key management	23	31
Directors' fees	151	151
	807	880

30. Segment information

Management manages and monitors the business in the two primary business segments, namely:

- Trading of home appliances ("Trading")
- Property development

The segment information for the reportable segments and reconciliation to the consolidated financial statements are as follows:

2018	Trading	Property Development	Unallocated	Total
	$'000	$'000	$'000	$'000
REVENUE				
External sales	22,690	–	–	22,690
Inter-segment sales	(1,199)	–	–	(1,199)
Sales to external parties	21,491	–	–	21,491
RESULTS				
Segment result	2,065	525	829	3,419
Interest income	1	33	103	137
Share of profit of associated companies	–	–	1,614	1,614
Share of loss of a joint-venture company	–	–	(91)	(91)
Interest expense	(132)	(2,530)	–	(2,662)
Profit before income tax				2,417
Income tax expense				(495)
Net profit				1,922
ASSETS				
Segment assets	29,479	62,741	19,642	111,862
Include:				
- Cash and cash equivalents			2,929	
- Other receivables – current			32	
- Investments in associated companies			14,283	
- Investments in a joint-venture company			2,398	
LIABILITIES				
Segment liabilities	8,118	26,873	13,220	48,211
Include:				
- Bank borrowings			12,520	
- Income tax liabilities			428	
- Other payables			272	
OTHER				
Addition to investment in a joint-venture company	–	–	384	384
Addition of property, plant and equipment	158	–	–	158
Depreciation of property, plant and equipment	775	299	–	1,074

30. Segment information (continued)

2017	Trading	Property Development	Unallocated	Total
	$'000	$'000	$'000	$'000
REVENUE				
External sales	19,718	–	–	19,718
Inter-segment sales	(394)	–	–	(394)
Sales to external parties	19,324	–	–	19,324
RESULTS				
Segment result	2,022	1,264	(16,358)	(13,072)
Interest income	–	35	–	35
Share of profit of associated companies	–	–	1,879	1,879
Share of loss of a joint-venture company	–	–	(100)	(100)
Interest expense	(82)	(2,418)	–	(2,500)
Loss before income tax				(13,758)
Income tax expense				(270)
Net loss				(14,028)
ASSETS				
Segment assets	27,939	61,935	24,927	114,801
Include:				
- Cash and cash equivalents			190	
- Other receivables – current			293	
- Investments in associated companies			12,533	
- Investments in a joint-venture company			2,112	
- Deferred income tax assets			83	
- Club membership			9	
- Assets held-for-sale			9,707	
LIABILITIES				
Segment liabilities	6,320	20,540	26,886	53,746
Include:				
- Bank borrowings			26,299	
- Income tax liabilities			371	
- Other payables			216	
OTHER				
Disposal of investment in an associated company	–	–	(1,237)	(1,237)
Addition to investment in a joint-venture company	–	–	183	183
Addition of property, plant and equipment	188	73	–	261
Depreciation of property, plant and equipment	754	289	–	1,043

30. Segment information (continued)

Geographical information

The Group's two business segments operates in three geographical areas: Singapore, Australia, and Malaysia

Singapore and Australia mainly caters for the Group's trading activities on distribution of electrical and electronic home appliances, kitchen and bathroom fixtures and accessories for its operating subsidiary corporations.

The property development segment of the Group is primarily operated and located in Malaysia. The segment had a preview launch of its Seventh Cove project in Malaysia in 2015. Although the booking fees were collected from certain customers, sales and purchase agreements have not been formally signed. Accordingly, no revenue is recognised in the current and prior financial years.

The Group's associated company operates and distributes electrical and electronic home appliances and develop properties in Malaysia.

Sales are based on the country in which the customers are located. Non-current assets and capital expenditure are shown by geographical area where the assets are located.

	Sales		Non-current assets		Capital expenditure	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	19,415	18,705	12,826	13,429	9	147
Malaysia	–	–	76,465	22,491	–	114
Australia	1,627	–	130	–	149	–
Morocco	–	–	1,898	1,988	–	–
Other countries	449	619	–	–	–	–
	21,491	19,324	91,319	37,908	158	261

Revenues of $2,044,000 (2017: $2,380,000) are derived from a single external customer. These revenues are attributable to the Singapore trading segment.

31. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 October 2017 or later periods and which the Company has not early adopted:

(a) FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* and its relevant interpretation.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI ("FVOCI"). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

31. New or revised accounting standards and interpretations (continued)

(a) FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018) (continued)

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 October 2018 (Note 32). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 32.

(b) FRS 115 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group is required to adopt a new accounting framework from 1 October 2018 (Note 32). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 32.

(c) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116. The new standard also introduces expanded disclosure requirements and changes in presentation.

31. New or revised accounting standards and interpretations (continued)

(c) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019) (continued)

The Group is required to adopt a new accounting framework from 1 October 2018 (Note 32). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

32. Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 October 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the period ended 31 March 2019 in April 2019.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 30 September 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. The Group plans to elect relevant optional exemptions and the exemptions resulting in significant adjustments to the Group's financial statements prepared under SFRS are as follows:

(i) *Deemed cost exemption*

The Group plans to elect and regard the historical cost less accumulated depreciation of leasehold land and building classified as property, plant and equipment as their deemed cost at the date of transition to SFRS(I) on 1 October 2017. The carrying amount of property, plant and equipment and retained profits is estimated to be reduced/increased by $9,372,000 and $2,910,000 respectively at the date of transition on 1 October 2017 (30 September 2018: $8,947,000 and $3,335,000 respectively). Net profit after tax for the year ended 30 September 2018 may be increased by $425,000.

(ii) *Cumulative translation differences*

The Group plans to elect to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 October 2017. As a result, currency translation reserve and retained profits as at 1 October 2017 and 30 September 2018 was increased/reduced by approximately $11,136,000.

(b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 October 2017. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 30 September 2018.

32. Adoption of SFRS(I) (continued)

(b) Adoption of SFRS(I) equivalent of IFRS 9 (continued)

Impairment of financial assets

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) equivalent of IFRS 9:

- trade receivables and contract assets recognised under SFRS(I) equivalent of IFRS 15;
- debt instruments carried at fair value through OCI and amortised cost; and
- loans to related parties and other receivables at amortised cost.

An increase in provision for impairment for the above financial assets and corresponding decrease in opening retained profits is expected to arise from the application of the expected credit loss impairment model.

(c) Summary of provisional financial impact

The line items on the Group's financial statements that may be adjusted with significant impact arising from the adoption of SFRS(I) as described above are summarised below:

	As at 30 Sep 2018 reported under SFRS	(Provisional) As at 1 Oct 2018 reported under SFRS(I)	As at 30 Sep 2017 reported under SFRS	(Provisional) As at 1 Oct 2017 reported under SFRS(I)
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	19,150	10,203	19,958	10,586
Currency translation reserve	(10,577)	559	(11,136)	–
Revaluation reserve	12,282	–	12,282	–
Retained profits	29,034	21,233	25,849	17,623

33. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors of Casa Holdings Limited on 19 December 2018.

SHAREHOLDINGS STATISTICS

As at 10 December 2018

Issued and paid up capital	:	$32,314,853
Number of ordinary shares in issue	:	209,826,140
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 10 DECEMBER 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	–	0.00	–	0.00
100 - 1,000	489	18.25	486,100	0.23
1,001- 10,000	1,725	64.39	8,010,260	3.82
10,001- 1,000,000	453	16.91	30,963,200	14.76
1,000,001 and above	12	0.45	170,366,580	81.19
Total	**2,679**	**100.00**	**209,826,140**	**100.00**

Based on the information available to the Company as at 10 December 2018, approximately 32.46% of the issued ordinary shares of the Company is held by the public. This complies with Rule 723 of the SGX-ST Listing Manual.

TWENTY LARGEST SHAREHOLDERS AS AT 10 DECEMBER 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	HU ZHONGHUAI	60,826,710	28.99
2	LIM SOO KONG @ LIM SOO CHONG	42,808,532	20.40
3	LIM CHOO HONG	20,935,168	9.98
4	RAFFLES NOMINEES (PTE) LIMITED	17,748,570	8.46
5	DBS NOMINEES PTE LTD	12,557,300	5.98
6	SEAH SIOK NIEW	6,407,100	3.05
7	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	2,717,000	1.29
8	NG HOCK KON	1,561,000	0.74
9	NG KWONG CHONG	1,500,000	0.71
10	LIM MEOW SING	1,120,000	0.53
11	PHILLIP SECURITIES PTE LTD	1,112,600	0.53
12	OCBC NOMINEES SINGAPORE PTE LTD	1,072,600	0.51
13	LEE BOON HOCK @ LEE BOOH HOCK	842,000	0.40
14	KUEK SER KHIANG KEITH	717,600	0.34
15	CHIAN TOW YONG	716,000	0.34
16	CHUNG KHAI HENG	673,000	0.32
17	FSK INVESTMENT HOLDING PTE. LTD.	611,400	0.29
18	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	610,000	0.29
19	EDDY SUMITRA WIDJAJA OR LUCIEN HIDAYAT WIJAYA	600,000	0.29
20	LIM SOO TIAH	593,000	0.28
	TOTAL:	**175,729,580**	**83.72**

SUBSTANTIAL SHAREHOLDERS

	Direct Interests	
	Number of ordinary shares	%
HU ZHONG HUAI	60,826,710	28.99
LIM SOO KONG @ LIM SOO CHONG	59,944,202	28.57
LIM CHOO HONG	20,935,168	9.98

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 15 Kian Teck Crescent, Singapore 628884 on Monday, 14 January 2019 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the year ended 30 September 2018 and the Directors' Statements and the Auditor's Report thereon. *(Please see explanatory note 1)*

2. To approve the Directors' fees of S$151,000 for the financial year ended 30 September 2018 (30 September 2017: S$151,000). **(Resolution 1)**

3. To re-elect Mr. Lim Yian Poh retiring pursuant to Article 107 of the Company's Constitution. **(Resolution 2)**
(Please see explanatory note 2)

4. To re-elect Mr. Stefan Matthieu Lim Shing Yuan retiring pursuant to Article 107 of the Company's Constitution.
(Resolution 3)
(Please see explanatory note 3)

5. To re-appoint Messrs Nexia TS Public Accounting Corporation as independent auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

6. **Authority to allot and issue shares**

(a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(i) 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, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

a) new shares arising from the conversion or exercise of convertible securities, or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 5)**

(Please see explanatory note 4)

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Margaret Chak Lee Hung
Company Secretary

28 December 2018

Notes:

Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "Act"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.

Pursuant to Section 181(1C) of the Act, 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 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 proxy form.

The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 15 Kian Teck Crescent, Singapore 628884 not later than 48 hours before the time set for the Annual General Meeting.

A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, 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 of the Company.

Explanatory Notes:-

1. The audited financial statements is meant for discussion only as under the provisions of Section 201(1) of the Companies Act, Cap. 50 and Article 152 of the Company's Constitution, the audited financial statements need to be laid before the Company at its Annual General Meeting and hence, the matter will not be put forward for voting.

2. The key information of Mr. Lim Yian Poh can be found on page 4 of the Annual Report. Mr. Lim Yian Poh, will, upon re-election as a Director of the Company, remain the Member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

3. The key information of Mr. Stefan Matthieu Lim Shing Yuan can be found on page 4 of the Annual Report. Mr. Stefan Matthieu Lim Shing Yuan, will, upon re-election as a Director of the Company, remain a Member of the Audit Committee.

4. The ordinary resolution in item no. 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

CASA HOLDINGS LIMITED

Company Registration Number : 199406212Z
(Incorporated in the Republic of Singapore)

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

PROXY FORM

*I/We ____ of

____

being *a member/members of Casa Holdings Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

or failing him, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 15 Kian Teck Crescent, Singapore 628884 on 14 January 2019 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the Directors' fees of S$151,000 for the financial year ended 30 September 2018.		
2.	To re-elect Mr. Lim Yian Poh as Director of the Company.		
3.	To re-elect Mr. Stefan Matthieu Lim Shing Yuan as Director of the Company.		
4.	To re-appoint Messrs Nexia TS Public Accounting Corporation as independent auditor of the Company.		
5.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this ____________ day of __________________ 2019

Total Number of Shares Held

____

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

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "Act"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Act, 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 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 proxy form.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Act.

AFFIX

STAMP

The Company Secretary
CASA HOLDINGS LIMITED
c/o Tricor Barbinder Share Registration Services
80 Robinson Road #11-02
Singapore 068898

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 15 Kian Teck Crescent, Singapore 628884 not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, 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 of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Yian Poh
(Chairman and Independent Director)

Lim Soo Kong @ Lim Soo Chong
(CEO and Executive Director)

Hu Zhong Huai
(Non-Executive and Non-Independent Director)

Dr Low Seow Chay
(Independent Director)

Stefan Matthieu Lim Shing Yuan
(Non-Executive and Non-Independent Director)

COMPANY SECRETARIES

Margaret Chak Lee Hung
Lin Moi Heyang

AUDIT COMMITTEE

Dr Low Seow Chay *(Chairman)*
Lim Yian Poh
Stefan Matthieu Lim Shing Yuan

NOMINATING COMMITTEE

Dr Low Seow Chay *(Chairman)*
Lim Soo Kong @ Lim Soo Chong
Lim Yian Poh

REMUNERATION COMMITTEE

Dr Low Seow Chay *(Chairman)*
Lim Yian Poh
Hu Zhong Huai

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(a business division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

Nexia TS Public Accounting Corporation
100 Beach Road
Shaw Tower #30-00
Singapore 189702

Director-In-Charge
Meriana Ang Mei Ling
(Appointed since financial year ended 30 September 2016)

REGISTERED OFFICE

Casa Holdings Limited
(Incorporated in Singapore, Registration Number:
199406212Z)

Website: www.casaholdings.com.sg
15 Kian Teck Crescent
Singapore 628884
Tel: 6268 0066
Fax: 6266 8069

CASA HOLDINGS LIMITED

15 Kian Teck Crescent
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www.casaholdings.com.sg

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Tel: (65) 63278398