CASA HOLDINGS LIMITED

INVESTING IN OUR PEOPLE NURTURING STRENGTHS

ANNUAL REPORT 2019

R E A C H O U T

Respect

Energy

Action-oriented

Considerate and Courteous

Humble

Optimistic

Understanding

Trustworthy

CONTENTS

PURPOSE

Bringing joy to people's lives

VISION

To be the most admired company with the most loved lifestyle brands in Asia

MISSION

We create innovative, beautifully designed lifestyle products, that are premium quality, user-friendly and bring joy to people's lives

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.

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

C A S A C O D E

- C — Customer obsessed
- A — Aspiring to learn
- S — Speaking up
- A — Aligned
- C — Commited to helping each other
- O — Owning it
- D — Daring & Bold
- E — Empathy

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 2019 ("FY2019").

REVIEW OF FINANCIAL PERFORMANCE

Despite the tough environment, we reported a set of healthy results with the Group's revenue reported at $18.6 million in FY2019, a 6.4% decrease from $19.8 million as compared to the last financial year ("FY2018") amidst the intense competitions in home appliances market in Singapore.

The Group registered a profit after tax of $1.7 million in FY2019 as compared to profit after tax of $2.3 million in FY2018. The decrease of $0.5 million or 26.1% was in line with drop in sales and gross margin in Singapore and Malaysia Market. The latter is represented by drop in share of profit of associated company to $1.4 million in FY2019 from $1.6 million in 2018. Savings in finance expenses in FY2019 is offset by increase of operating expenses in FY2019 compared to FY2018.

Our earnings per share from continuing operations for FY2019 was 1.29 cents (FY2018: 1.84 cents). Our net asset value per share for FY2019 was 26.98 cents (FY2018: 25.79 cents).

The Board did not propose any dividend payment for FY2019.

REVIEW OF OPERATION AND OUTLOOK

In the past year, we observed that our dealers thrive on online sales. With that in mind, we are tapping on government grant to invest in our brands and marketing activities to raise brand awareness and make selling easier for our dealers and promoters.

One of our biggest customers has a new shareholder and a new management team, introducing a customer centric selling approach. We welcome these changes as this coincides with CASA's new purpose of Bringing Joy to People's Lives as well as CASACODE in improving customer experience after undergoing companywide cultural transformation.

LETTER TO SHAREHOLDERS

We have reviewed our business strategy and sold our Australian subsidiary corporation, UNICASA Pty Ltd ("UNICASA") taking into consideration of high operating expenses. However, we will continue our supply of products to UNICASA where need arises.

It is heartening to note that we are adding ceiling fans as our new products for the next financial year ("FY2020") and we will be renovating our showroom at 15 Kian Teck Crescent to cater for new products and build brand equity.

In addition to product extension, we see prospect in selling into projects in Singapore and overseas markets in the hope that this will offset the impact of sales disruption due to the closure of a key UK factory.

FY2019 has been an eventful year and we believe business disruption is a norm going forward. Nonetheless, we continue to embrace changes and remain steadfast in riding the storm and bringing CASA to the next platform.

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 and encourage our management team and staff to continue embracing the CASACODE, to be one step closer to CASA's purpose of Bringing Joy to People's Lives.

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 73, has served as an Independent Director of Casa Holdings Limited (the "Company") since 4 November 2008 and was appointed as a Chairman of the Board of Directors on 14 November 2017. He was last re-elected as a Director on 14 January 2019. 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 70, 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 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

Founder, CEO and Executive Director

Mr Lim Soo Kong, age 73, 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. He 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 42, 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 40, 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 14 January 2019. He 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.

Mr Yuan Hee Peng

General Manager

Mr Yuan Hee Peng, age 63, 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.

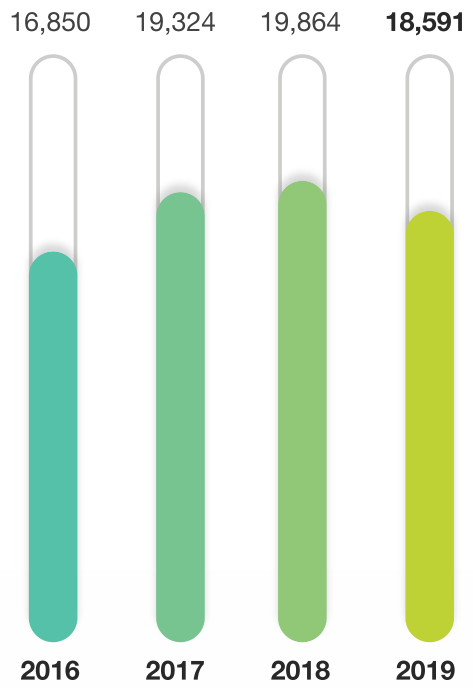
Ms Margaret Chak Lee Hung

Group Financial Controller

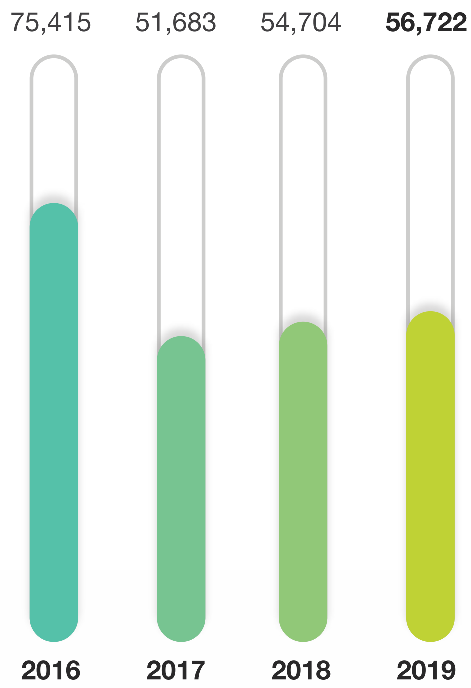
Ms Margaret Chak Lee Hung, age 47, is the Group Financial Controller and Joint Company Secretary. She is responsible for all aspects of financial management, accounting and company secretarial functions of the Group. She joined the Group in 2005 and has more than 20 years of experience in financial management and accounting. She is also a non-independent and non-executive director of Fiamma Holdings Berhad, an associated company of Casa Holdings Limited 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

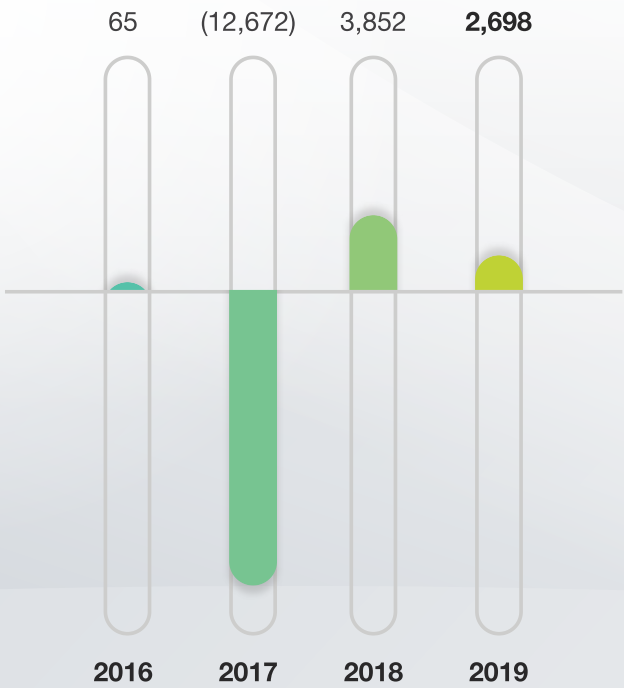
Turnover
$'000



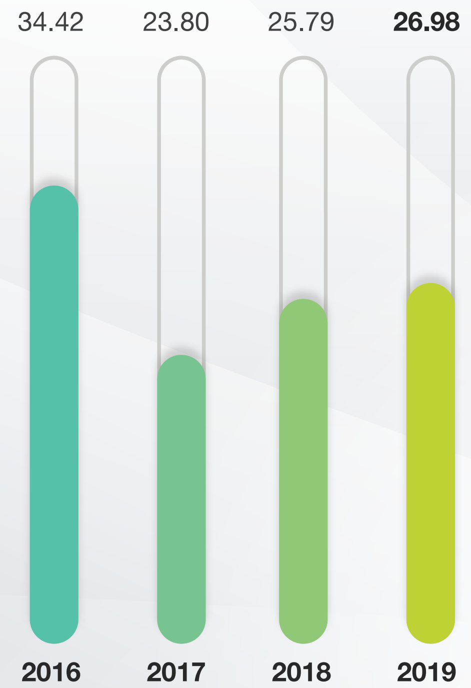
Net Assets
$'000



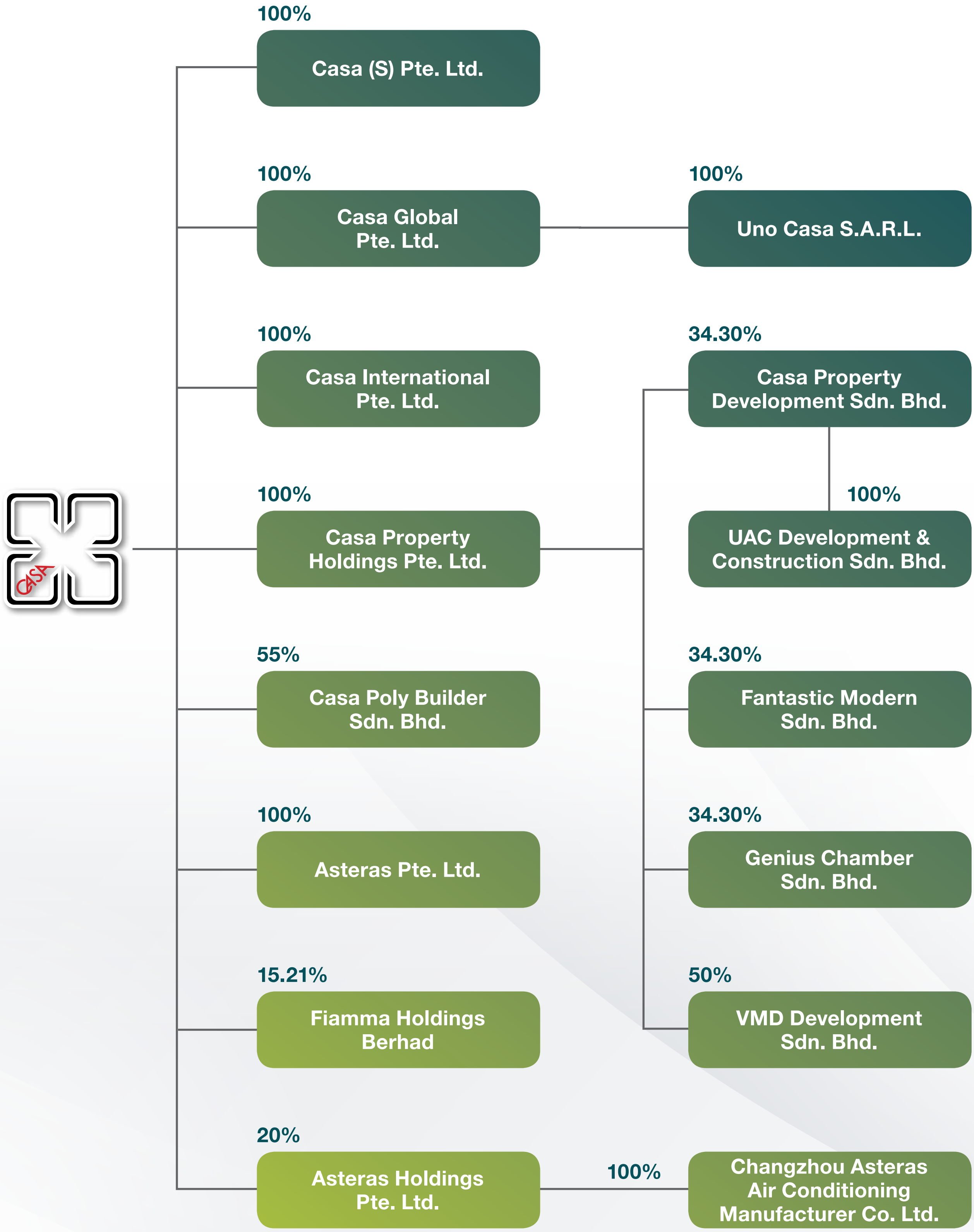
Profit/(loss) attributable to shareholders
$'000



NAV per Share
cents



CORPORATE STRUCTURE



CORPORATE GOVERNANCE REPORT AND FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Casa Holdings Limited (the "Company") and its subsidiary corporations (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 2019 ("FY2019").

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's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;

8. Assume responsibilities 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 FY2019 and the attendance of each director where relevant are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings	3	2	2	1
No. of meetings attended by respective directors				
Lim Soo Kong @ Lim Soo Chong	3	N.A.	2	N.A.
Hu Zhong Huai	3	N.A.	N.A.	1
Low Seow Chay	2	1	1	0
Lim Yian Poh	2	2	2	1
Stefan Matthieu Lim Shing Yuan	3	2	N.A.	N.A.

All directors except for Mr. Hu Zhong Huai, attended the Annual General Meeting ("AGM") held on 14 January 2019. Mr. Hu was unable to attend the AGM on 14 January 2019 due to other personal commitment.

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) Material acquisitions and disposals of assets;

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

(vi) 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 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 Group'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 FY2019, 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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

Principle 8: Level and Mix of Remuneration

In making its recommendations to the Board on the level and mix of remuneration, the RC 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 FY2019 is as follows:

	2019	2018
$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	81.0	15.5	3.5	–	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 AGM.

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

	2019	2018
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 (International) ("SFRS(I)") 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 subsidiary corporations 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. 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 CEO 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 AC 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; 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$99,000 and $13,000 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.

CORPORATE GOVERNANCE REPORT

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 FY2019 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	$444,000
Arda (Zhejiang) Electrical Co., Ltd	Purchase of goods	$572,000

DIRECTORS' STATEMENT

For the financial year ended 30 September 2019

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 2019 and the statement of financial position of the Company as at 30 September 2019.

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 92 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 2019 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 30.9.2019	**At 1.10.2018**	**At 30.9.2019**	**At 1.10.2018**
The Company				
(No. of ordinary shares)				
Lim Soo Kong @ Lim Soo Chong	59,944,202	59,944,202	–	–
Hu Zhong Huai	60,826,710	60,826,710	–	–
Low Seow Chay	–	–	204,600	–

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 2019 were the same as those as at 30 September 2019.

DIRECTORS' STATEMENT

For the financial year ended 30 September 2019

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 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 Committee:

- 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;
- 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 Audit Committee 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

Stefan Matthieu Lim Shing Yuan
Director

19 December 2019

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 2019, 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 92.

In our opinion, except for the 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 Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards in Singapore (International) ("SFRS(I)s") 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 2019 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 associate company, Fiamma Holdings Berhad ("Fiamma") with a carrying amount of approximately $15,080,000 as at 30 September 2019 (2018: $14,283,000) is accounted for using the equity method in the consolidated statement of financial position of the Group. During the financial year ended 30 September 2019, the Group recognised share of Fiamma's net profit of approximately $1,391,000 (2018: $1,614,000) and other comprehensive loss of approximately $39,000 (2018: other comprehensive income of $580,000).

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 restrictions, 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 2019, 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 20 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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters (continued)

Development properties
Refer to Note 2.19 and Note 17 to the financial statements

Area of focus:

The Group has significant development properties located primarily in the Iskandar region of Malaysia. As at 30 September 2019, the Group's development properties amounted to approximately $55,419,000 (2018: $55,488,000). 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. The development had been halted in the previous financial year based on the management's assessment of the property market condition in Malaysia and there is no sales transaction made during the financial year. Accordingly, no revenue and related costs recognised for the financial year ended 30 September 2019 since 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 are assessed with reference to market prices at the reporting date for comparable properties and independent real estate valuer's (the "valuer") 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.

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

We have obtained and reviewed the valuation reports from the valuer 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 considered the adequacy of the disclosures in the financial statements.

Revenue recognition
Refer to Note 2.3 and Note 4 to the financial statements

Area of focus:

The Group recognises revenue from sale of goods when the Group satisfied its performance obligation by transferring the control of the promised goods to the customers, which is when the goods are delivered to the destination specified by the customers, i.e. at the point in time.

During the financial year ended 30 September 2019, the Group recognised revenue of approximately $18,591,000 (2018: $19,864,000). We focused on this area as a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. The potential existence of management override controls and large volume of transaction also increase the inherent risk of material misstatement in the amount of revenue reported.

The adoption of new revenue recognition standard – SFRS(I) 15 *Revenue from Contracts with Customers* represents a change in accounting principles and increase the risks of material misstatements in revenue, which may result in inaccurate recognition of revenue, as well as incomplete or omission of transition disclosures on implementing the new standard.

Key Audit Matters (continued)

How our audit addressed the area of focus:

We have obtained samples of contracts with customers and reviewed the terms and conditions, along with discussion with management, to assess the Group's revenue recognition policy in accordance with SFRS(I) 15, in particular the identification of performance obligations, the timing of revenue recognition, and to identify the financial impact of sale of goods on the adoption of the new standard. We have reviewed and assessed that the Group's revenue recognition policy has been consistently applied within the Group.

We have discussed with management on the processes involved in the sales cycle for the sale of goods and have performed a walkthrough test to consolidate our understanding and test of controls to assess the reliability of the internal controls in place in the sales cycle.

We have performed substantive testing and sales cut-off procedures at financial year end to ascertain that the revenue have been recognised in the correct financial year.

We have reviewed the adequacy of disclosures in the notes to the financial statements.

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 SFRS(I)s, 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 Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Casa Holdings Limited

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 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2019

	Note	2019 $'000	2018 $'000
Continuing operations			
Revenue	4	**18,591**	19,864
Cost of sales		**(10,639)**	(11,226)
Gross profit		**7,952**	8,638
Other income	7	**1,710**	1,699
Other gains – net	8	**2,486**	2,676
Expenses			
- Selling and distribution		**(2,219)**	(2,238)
- Administrative		**(6,855)**	(6,320)
- Finance	9	**(2,029)**	(2,662)
Share of profit of associated companies	20	**1,391**	1,614
Share of loss of a joint-venture company	21	**(166)**	(91)
Profit before income tax		**2,270**	3,316
Income tax expense	10(a)	**(231)**	(495)
Profit from continuing operations		**2,039**	2,821
Discontinued operations			
Loss from discontinued operations	11	**(328)**	(474)
Total profit		**1,711**	2,347
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
- Share of other comprehensive (loss)/income of associated companies	20	**(39)**	580
- Currency translation gain arising from consolidation		**22**	45
Other comprehensive (loss)/income, net of tax		**(17)**	625
Total comprehensive income		**1,694**	2,972
Profit/(loss) attributable to:			
Equity holders of the Company		**2,531**	3,610
Non-controlling interests		**(820)**	(1,263)
		1,711	2,347
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit from continuing operations		**2,698**	3,852
Loss from discontinued operations		**(167)**	(242)
		2,531	3,610
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**2,508**	4,169
Non-controlling interests		**(814)**	(1,197)
		1,694	2,972
Earnings/(losses) per share ("EPS") for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic and diluted EPS			
From continuing operations	12	**1.29**	1.84
From discontinued operations	12	**(0.08)**	(0.12)

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

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2019

		Group			Company		
		30 September		1 October	30 September		1 October
	Note	**2019**	2018	2017	**2019**	2018	2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents	13	**1,752**	7,772	3,278	**95**	2,827	66
Derivative financial instrument	14	**–**	1,261	–	**–**	–	–
Trade and other receivables	15	**4,243**	5,740	5,362	**34,108**	32,128	22,381
Inventories	16	**4,632**	5,770	4,621	**–**	–	–
Development properties	17	**–**	–	53,925	**–**	–	–
		10,627	20,543	67,186	**34,203**	34,955	22,447
Assets held-for-sale	18	**–**	–	9,707	**–**	–	7,702
		10,627	20,543	76,893	**34,203**	34,955	30,149
Non-current assets							
Derivative financial instrument	14	**–**	–	3,213	**–**	–	–
Development properties	17	**55,419**	55,488	–	**–**	–	–
Club membership	19	**–**	–	9	**–**	–	–
Investments in associated companies	20	**15,080**	14,283	12,533	**10,305**	10,305	10,305
Investment in a joint-venture company	21	**2,648**	2,398	2,112	**–**	–	–
Investments in subsidiary corporations	22	**–**	–	–	**13,644**	12,959	12,959
Property, plant and equipment	23	**9,531**	10,203	10,586	**–**	–	–
Deferred income tax assets	24	**–**	–	83	**–**	–	–
		82,678	82,372	28,536	**23,949**	23,264	23,264
Total assets		**93,305**	102,915	105,429	**58,152**	58,219	53,413
LIABILITIES							
Current liabilities							
Trade and other payables	25	**5,522**	7,174	12,409	**11,956**	12,240	13,148
Provisions	26	**457**	422	392	**–**	–	–
Borrowings	27	**519**	11,595	13,906	**–**	–	–
Current income tax liabilities	10(b)	**278**	428	371	**–**	–	–
		6,776	19,619	27,078	**11,956**	12,240	13,148
Non-current liabilities							
Other payables	25	**29,238**	27,502	14,114	**–**	–	–
Provisions	26	**165**	165	161	**–**	–	–
Borrowings	27	**404**	925	12,393	**–**	–	–
		29,807	28,592	26,668	**–**	–	–
Total liabilities		**36,583**	48,211	53,746	**11,956**	12,240	13,148
NET ASSETS		**56,722**	54,704	51,683	**46,196**	45,979	40,265
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	28	**32,315**	32,315	32,315	**32,315**	32,315	32,315
Currency translation reserve		**542**	559	–	**–**	–	–
Retained profits		**23,764**	21,233	17,623	**13,881**	13,664	7,950
		56,621	54,107	49,938	**46,196**	45,979	40,265
Non-controlling interests	22	**101**	597	1,745	**–**	–	–
Total equity		**56,722**	54,704	51,683	**46,196**	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 2019

	← 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
2019							
Balance as at 1 October 2018	**32,315**	**559**	**–**	**21,233**	**54,107**	**597**	**54,704**
Profit for the financial year	–	–	–	2,531	2,531	(820)	1,711
Other comprehensive income for the financial year	–	(23)	–	–	(23)	6	(17)
Total comprehensive income for the financial year	**–**	**(23)**	**–**	**2,531**	**2,508**	**(814)**	**1,694**
Disposal of a subsidiary corporation	–	6	–	–	6	318	324
Balance as at 30 September 2019	**32,315**	**542**	**–**	**23,764**	**56,621**	**101**	**56,722**
2018							
Balance as at 30 September 2017, previously reported	**32,315**	**(11,136)**	**12,282**	**25,849**	**59,310**	**1,745**	**61,055**
Adoption of SFRS(I) 1 (Note 2.2)							
- Deemed cost	–	–	(12,282)	2,910	(9,372)	–	(9,372)
- Cumulative translation difference	–	11,136	–	(11,136)	–	–	–
Balance as at 1 October 2017, restated	**32,315**	**–**	**–**	**17,623**	**49,938**	**1,745**	**51,683**
Profit for the financial year	–	–	–	3,610	3,610	(1,263)	2,347
Other comprehensive income for the financial year	–	559	–	–	559	66	625
Total comprehensive income/(loss) for the financial year	**–**	**559**	**–**	**3,610**	**4,169**	**(1,197)**	**2,972**
Incorporation of a subsidiary corporation	–	–	–	–	–	49	49
Balance as at 30 September 2018	**32,315**	**559**	**–**	**21,233**	**54,107**	**597**	**54,704**

(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 as at 30 September 2019 amounting to approximately $13,881,000 (30 September 2018: $13,664,000, 1 October 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 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Total profit	**1,711**	2,347
Adjustments for:		
- Income tax expense	**231**	495
- Depreciation of property, plant and equipment	**594**	649
- Gain on amortisation of interest-free non-current payables	**(2,325)**	(1,247)
- Gain on disposal of assets held-for-sale	**–**	(1,036)
- Gain on disposal of a subsidiary corporation	**(46)**	–
- Loss on disposal of property, plant and equipment	**5**	–
- Club membership written-off	**–**	9
- Fair value loss on derivative financial instrument	**–**	11
- Interest income	**(27)**	(136)
- Finance expenses	**2,029**	2,662
- Share of profit of associated companies	**(1,391)**	(1,614)
- Share of loss of a joint-venture company	**166**	91
- Unrealised currency translation losses/(gains)	**19**	(282)
	966	1,949
Change in working capital, net effect from disposal of a subsidiary corporation:		
- Development properties	**(25)**	(62)
- Inventories	**128**	(1,149)
- Trade and other receivables	**1,850**	(355)
- Trade and other payables	**203**	1,804
Cash generated from operations	**3,122**	2,187
Income tax paid	**(381)**	(355)
Net cash provided by operating activities	**2,741**	1,832
Cash flows from investing activities		
Additions to property, plant and equipment	**(60)**	(158)
Proceeds from disposal of assets held-for-sale	**–**	10,743
Disposal of a subsidiary corporation, net of cash disposed of	**(662)**	–
Disposal of property, plant and equipment	**2**	–
Loan to a joint-venture company	**(403)**	(384)
Dividends received from an associated company	**555**	444
Interest received	**27**	136
Net cash (used in)/provided by investing activities	**(541)**	10,781
Cash flows from financing activities		
Bank deposits released from pledge/(additional bank deposits pledged)	**1,015**	(22)
Proceeds from bank borrowings	**5,854**	2,260
Proceeds from related parties' borrowings	**2,664**	5,547
Repayment of bank borrowings	**(15,905)**	(13,872)
Repayment of bills payable	**(442)**	(371)
Repayment of finance lease liabilities	**(27)**	(26)
Subscription of shares in a subsidiary corporation by non-controlling interests	**–**	49
Interest and financing related costs paid	**(375)**	(1,136)
Net cash used in financing activities	**(7,216)**	(7,571)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2019

	Note	2019 $'000	2018 $'000
Net (decrease)/increase in cash and cash equivalents		**(5,016)**	5,042
Cash and cash equivalents			
Beginning of the financial year		**6,757**	1,654
Effects of currency translation on cash and cash equivalents		**11**	61
End of the financial year	13	**1,752**	6,757

Reconciliation of liabilities arising from financing activities

	1 October 2018 $'000	Proceeds $'000	Repayments $'000	Non-cash changes $'000				30 September 2019 $'000
				Gain on amortisation	Interest expense	Disposal of a subsidiary corporation	Foreign exchange movement	
Bills payable	2,059	–	(442)	–	–	–	–	1,617
Non-trade payables – related parties	27,502	2,664	–	(2,325)	1,654	(196)	(61)	29,238
Bank borrowings	12,480	–	(11,541)[a]	–	–	–	(29)	910
Trade receivables financing liabilities	301	5,854	(5,634)[a]	–	–	–	–	521
Derivative financial instrument	(1,261)	–	1,270[a]	–	–	–	(9)	–

	1 October 2017 $'000	Proceeds $'000	Repayments $'000	Non-cash changes $'000					30 September 2018 $'000
				Gain on amortisation	Interest expense	Fair value loss	Reclassification [b]	Foreign exchange movement	
Bills payable	2,430	–	(371)	–	–	–	–	–	2,059
Non-trade payables – related parties	14,114	5,547	–	(1,247)	1,526	–	6,570	992	27,502
Bank borrowings	25,602	–	(13,854)[a]	–	–	–	–	732	12,480
Trade receivables financing liabilities	–	2,260	(1,959)[a]	–	–	–	–	–	301
Derivative financial instrument	(3,213)	–	1,941[a]	–	–	11	–	–	(1,261)

(a) These constitute repayment of bank borrowings.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

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

1. General information

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 22 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 (International) ("SFRS(I)"), under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) 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.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 October 2018. These financial statements for the financial year ended 30 September 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 September 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I)s on 1 October 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective 30 September 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statements of financial position has been prepared as at 1 October 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I)s on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I)s:

(i) Deemed cost

The Group has elected to 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.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(a) Optional exemptions applied (continued)

(ii) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 October 2017.

(iii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 October 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 September 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

The Group has assessed the business models that are applicable on 1 October 2018 to the financial assets so as to classify them into the appropriate categories under SFRS(I) 9. As a result of the assessment, there are no significant adjustments to the Group's statements of financial position line items.

The following financial assets were subjected to expected credit loss impairment model under SFRS(I) 9:

- trade receivables; and
- loans to related parties and other receivables at amortised cost.

The impairment methodologies for financial assets under SFRS(I) 9 are as disclosed in Note 2.11.

(iv) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 October 2017 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- For completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;

- For contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and

- For the financial year ended 30 September 2018, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

The adoption of SFRS(I) 15 did not result in any adjustments to the previously issued SFRS financial statements as there is no uncompleted contracts as of 1 October 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

As at 1 October 2017	Note	Reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Reported under SFRS(I) $'000
ASSETS				
Current assets				
Cash and cash equivalents		3,278	–	3,278
Trade and other receivables		5,362	–	5,362
Inventories		4,621	–	4,621
Development properties		53,925	–	53,925
		67,186	–	67,186
Assets held-for-sale		9,707	–	9,707
		76,893	–	76,893
Non-current assets				
Club membership		9	–	9
Derivative financial instrument		3,213	–	3,213
Investments in associated companies		12,533	–	12,533
Investment in a joint-venture company		2,112	–	2,112
Property, plant and equipment	A1	19,958	(9,372)	10,586
Deferred income tax assets		83	–	83
		37,908	(9,372)	28,536
Total assets		114,801	(9,372)	105,429
LIABILITIES				
Current liabilities				
Trade and other payable		12,409	–	12,409
Provisions		392	–	392
Borrowings		13,906	–	13,906
Current income tax liabilities		371	–	371
		27,078	–	27,078
Non-current liabilities			–	
Other payables		14,114	–	14,114
Provisions		161	–	161
Borrowings		12,393	–	12,393
		26,668	–	26,668
Total liabilities		53,746	–	53,746
NET ASSETS		61,055	(9,372)	51,683
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		32,315	–	32,315
Currency translation reserve	A2	(11,136)	11,136	–
Revaluation reserve	A1	12,282	(12,282)	–
Retained profits	A1, A2	25,849	(8,226)	17,623
		59,310	(9,372)	49,938
Non-controlling interests		1,745	–	1,745
Total equity		61,055	(9,372)	51,683

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

As at 30 September 2018	Note	Reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Reported under SFRS(I) $'000
ASSETS				
Current assets				
Cash and cash equivalents		7,772	–	7,772
Derivative financial instrument		1,261	–	1,261
Trade and other receivables		5,740	–	5,740
Inventories		5,770	–	5,770
		20,543	–	20,543
Non-current assets				
Development properties		55,488	–	55,488
Investments in associated companies		14,283	–	14,283
Investment in a joint-venture company		2,398	–	2,398
Property, plant and equipment	A1	19,150	(8,947)	10,203
		91,319	(8,947)	82,372
Total assets		111,862	(8,947)	102,915
LIABILITIES				
Current liabilities				
Trade and other payable		7,174	–	7,174
Provisions		422	–	422
Borrowings		11,595	–	11,595
Current income tax liabilities		428	–	428
		19,619	–	19,619
Non-current liabilities				
Other payables		27,502	–	27,502
Provisions		165	–	165
Borrowings		925	–	925
		28,592	–	28,592
Total liabilities		48,211	–	48,211
NET ASSETS		63,651	(8,947)	54,704
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		32,315	–	32,315
Currency translation reserve	A2	(10,577)	11,136	559
Revaluation reserve	A1	12,282	(12,282)	–
Retained profits	A1, A2	29,034	(7,801)	21,233
		63,054	(8,947)	54,107
Non-controlling interests		597	–	597
Total equity		63,651	(8,947)	54,704

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(c) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I)

For the financial year ended 30 September 2018	Note	Re-presented under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Reported under SFRS(I) $'000
Continuing operations				
Revenue		19,864	–	19,864
Cost of sales		(11,226)	–	(11,226)
Gross profit		8,638	–	8,638
Other income		1,699	–	1,699
Other gains – net		2,676	–	2,676
Expenses				
- Selling and distribution		(2,238)	–	(2,238)
- Administrative	A1	(6,745)	425	(6,320)
- Finance		(2,662)	–	(2,662)
Share of profit of associated companies		1,614	–	1,614
Share of loss of a joint-venture company		(91)	–	(91)
Profit before income tax		2,891	425	3,316
Income tax expense		(495)	–	(495)
Profit from continuing operations		2,396	425	2,821
Discontinued operations				
Loss from discontinued operations	11	(474)	–	(474)
Total profit		1,922	425	2,347
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
- Share of other comprehensive income of associated companies		580	–	580
- Currency translation gain arising from consolidation		45	–	45
Other comprehensive income, net of tax		625	–	625
Total comprehensive income		2,547	425	2,972

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) mainly arises from the optional exemptions provided for under SFRS(I) 1.

Optional exemptions

As disclosed in Note 2.2(a), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that resulted in adjustments to the previously issued SFRS financial statements are as follows:

A1. Historical cost less accumulated depreciation as deemed cost on leasehold land and building

As disclosed in Note 2.2(a)(i), the Group has elected to 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.

As a result, on 1 October 2017, the carrying amount of property, plant and equipment and revaluation reserve reduced by approximately $9,372,000 and $12,282,000 respectively (30 September 2018: $8,947,000 and $12,282,000 respectively), and retained profits increased by approximately $2,910,000 (30 September 2018: $3,335,000). The depreciation expense for the financial year ended 30 September 2018 reduced by approximately $425,000.

A2. Cumulative translation differences

As disclosed in Note 2.2(a)(ii), the Group has elected to deem 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.

2.3 Revenue

(a) Distribution of electrical and electronic home appliances, kitchen and bathroom fixtures and accessories

The Group distributes electrical and electronic home appliances, kitchen and bathroom fixtures and accessories. Revenue from the sale of these goods are recognised at a point in time when the home appliances are delivered to the customer.

No element of financing is deemed present as the sales are made with a credit term which is consistent with market practice. The Group’s obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision. Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. The claims are expected to be settled in the next financial years.

The Group provides discounts and rebates, which are payments to customers. If the payment is for distinct goods or services received from the customer, the Group accounts for any excess of the consideration payable to the customer over the fair value of the distinct goods or services as a reduction of the transaction price. If the fair value of the goods or services received from the customer cannot be reliably estimated, the Group accounts for all of the consideration payable to the customer as a reduction of the transaction price.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(b) Rendering of services

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

2. Significant accounting policies (continued)

2.3 Revenue (continued)

(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.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured 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 statements of financial position. Total comprehensive income is attributed to the non-controlling interest based on their respective interest in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(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 corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

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 corporation results in a loss of control over the subsidiary corporations, the assets and liabilities of the subsidiary corporation 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.

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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

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

(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 losses significant influence or joint control. If the retained equity interest in the former associated company or joint-venture company 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.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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.

(ii) 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.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(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	7 – 34 years
Plant and machinery	10 years
Furniture, fittings and facilities	2 – 10 years
Motor vehicles	5 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.

(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 – net”. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.6 Club membership

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

2.7 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.

2.8 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 statements 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.

2.9 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.

2. Significant accounting policies (continued)

2.9 Derivative financial instrument (continued)

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.

2.10 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.

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.

2.11 Financial assets

The accounting for financial assets <u>before 1 October 2018</u> is as follows:

(a) *Classification*

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

Loans and receivables

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.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(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

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables 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.

Loans and receivables

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.

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.

The accounting for financial assets from 1 October 2018 is as follows:

(e) Classification and measurement

The Group classifies and measures its financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(e) Classification and measurement (continued)

At initial recognition

Debt instruments

Debt instruments of the Group mainly comprise of cash and cash equivalents and trade and other receivables.

The Group classified its financial assets at amortised cost. The classification depends on the Group's business model for managing the assets and the cash flow characteristic of the assets. The Group manages these groups of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(f) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other financial assets, the Group use the general approach for assessment of expected credit losses ("ECL").

(g) 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 debt instrument, 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.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as trade and other payables.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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. Significant accounting policies (continued)

2.13 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 fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 October 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

2.14 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.

2.15 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.

2.16 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. Significant accounting policies (continued)

2.17 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 statements 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 properties under operating leases to a 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.

2.18 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. Significant accounting policies (continued)

2.19 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.

2.20 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

(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. Significant accounting policies (continued)

2.21 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.

2.22 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.

2.23 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.

(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 – 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.

2. Significant accounting policies (continued)

2.23 Currency translation (continued)

(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 differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.24 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.

2.25 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 statements 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.

2.26 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.

2.27 Non-current assets (or disposal groups) held-for-sale and discontinued operations

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.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

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 trade receivables*

As at 30 September 2019, the Group's trade receivables amounted to approximately $3,356,000 (Note 15).

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each group based on shared credit risk characteristics and days past due. Accordingly, management has determined the expected loss rates by grouping the receivables based on days past due.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. A loss allowance of $102,000 for trade receivables were recognised as at 30 September 2019.

The Group's credit risk exposure for trade receivables by different revenue segment are set out in Note 31(b)(i).

(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 10 and Note 24, respectively.

(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 22.

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

As at 30 September 2019, the Company held 74,889,900 ordinary shares (representing approximately 15.21%) 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 20.

4. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following geographical regions. Revenue is attributed to countries by location of customers.

	Group	
	2019	2018
	$'000	$'000
Sale of goods - at a point in time		
Singapore	**18,114**	19,415
Other countries	**477**	449
	18,591	19,864

5. Expenses by nature

	Group	
	2019	2018
	$'000	$'000
Advertising and promotion	**278**	310
Loss allowance on trade receivables – non-related parties (Note 31(b))	**23**	42
Club membership written-off	**–**	9
Commission	**485**	530
Cost of inventories recognised as an expense (included in cost of sales) (Note 16)	**10,296**	10,863
Depreciation of property, plant and equipment (Note 23)	**588**	631
Directors' fee	**151**	151
Directors' remuneration	**412**	347
Employee compensation (Note 6)	**4,014**	3,909
Fees on audit services paid/payable to:		
- auditor of the Company	**99**	93
- other auditors	**18**	18
Fees on non-audit services paid/payable to:		
- auditor of the Company	**13**	13
Freight charges	**338**	352
Installation and delivery charges	**851**	747
Inventories written-down (Note 16)	**121**	131
Legal and professional fees	**214**	122
Office expense	**276**	325
Property tax	**141**	116
Provision for warranty (Note 26)	**542**	486
Rental expense on operating leases	**129**	131
Repair and maintenance	**205**	110
Reversal of loss allowance on trade receivables – non-related parties (Note 31(b))	**(33)**	(101)
Utilities	**81**	75
Other expenses	**471**	374
Total cost of sales, selling and distribution and administrative expenses	**19,713**	19,784

6. Employee compensation

	Group	
	2019	2018
	$'000	$'000
Wages and salaries	**3,465**	3,359
Employer's contribution to defined contribution plans including contributions to the Central Provident Fund ("CPF")	**549**	550
	4,014	3,909

7. Other income

	Group	
	2019	2018
	$'000	$'000
Interest income from bank deposits	**27**	136
Rental income from operating lease	**448**	481
Service income – at a point in time	**1,180**	1,036
Others	**55**	46
	1,710	1,699

8. Other gains – net

	Group	
	2019	2018
	$'000	$'000
Currency translation gains – net	**115**	404
Fair value loss on derivative financial instrument	**–**	(11)
Gain on amortisation of interest-free non-current payables	**2,325**	1,247
Gain on disposal of assets held-for-sale	**–**	1,036
Gain on disposal of a subsidiary corporation (Note 13)	**46**	–
	2,486	2,676

9. Finance expenses

	Group	
	2019	2018
	$'000	$'000
Interest expense		
- Bank borrowings	**330**	1,075
- Financing related costs	**43**	59
- Finance leases	**2**	2
Amortised interest on non-current payables	**1,654**	1,526
	2,029	2,662

10. Income taxes

(a) Income tax expense

	Group	
	2019	2018
	$'000	$'000
Tax expense attributable to profit or loss is made up of:		
From continuing operations		
- Profit from current financial year:		
- Current income tax – Singapore	**278**	501
- Reversal of prior financial years:		
- Current income tax – Singapore	**(47)**	(89)
- Deferred income tax (Note 24)	**–**	83
	231	495

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

	Group	
	2019	2018
	$'000	$'000
Profit/(loss) before income tax from		
- continuing operations	**2,270**	3,316
- discontinued operations (Note 11(a))	**(328)**	(474)
	1,942	2,842
Share of profit of associated companies (Note 20)	**(1,391)**	(1,614)
Share of loss of a joint-venture company (Note 21)	**166**	91
Profit before income tax and share of profit/(loss) of associated companies and a joint-venture company	**717**	1,319
Tax calculated at tax rate of 17% (2018: 17%)	**122**	224
Effects of:		
- different tax rates in other countries	**(78)**	(173)
- expenses not deductible for tax purposes	**762**	1,125
- income not subject to tax	**(540)**	(678)
- tax incentive	**(45)**	(44)
- deferred tax assets not recognised	**57**	47
- reversal of prior financial years	**(47)**	(6)
Tax charge	**231**	495

10. Income taxes (continued)

(b) Movements in current income tax liabilities

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	**428**	371
Income tax paid	**(381)**	(355)
Tax expense for current financial year	**278**	501
Over-provision of current income tax in relation to prior financial years	**(47)**	(89)
End of financial year	**278**	428

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

11. Discontinued operations

In September 2019, the Group entered into a commitment to sell its 51% interests in a subsidiary corporation, Unicasa Pty Ltd ("Unicasa"), in Australia for cash consideration of approximately $445,000 and the waiver of receivables from Unicasa of approximately $736,000 (the "disposal"). Notwithstanding that the disposal was completed in November 2019, the Group has lost its control over Unicasa as at 30 September 2019 as it has effectively transferred the control and management of Unicasa's relevant activities to the purchaser and ceased to have rights to variable returns from Unicasa's operations as at 30 September 2019. Accordingly, Unicasa was deconsolidated from the Group as at 30 September 2019 and the entire results from Unicasa were presented separately on the consolidated statement of comprehensive income as "Discontinued operations" for the financial year ended 30 September 2019. Unicasa was previously presented under the "trading" reportable segment of the Group (Note 33).

(a) The results of the discontinued operations are as follows:

	Group	
	2019	2018
	$'000	$'000
Revenue	**1,829**	1,627
Expenses	**(2,157)**	(2,101)
Loss before income tax from discontinued operations	**(328)**	(474)
Income tax expense	**–**	–
Loss for the financial year from discontinued operations	**(328)**	(474)

(b) The impact of the discontinued operations on the cash flows of the Group for the financial year ended 30 September 2019 are as follows:

	Group	
	2019	2018
	$'000	$'000
Operating cash inflows	**387**	319
Investing cash inflows/(outflows)	**2**	(145)
Financing cash inflows	**–**	99
Net cash inflows	**389**	273

12. 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.

	Continuing operations		Discontinued operations		Total	
	2019	2018	**2019**	2018	**2019**	2018
Net profit/(loss) attributable to equity holders of the Company ($'000)	**2,698**	3,852	**(167)**	(242)	**2,531**	3,610
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**209,826**	209,826	**209,826**	209,826	**209,826**	209,826
Basic earnings/(losses) per share (cents per share)	**1.29**	1.84	**(0.08)**	(0.12)	**1.21**	1.72

There are no dilutive potential ordinary shares during the financial years ended 30 September 2019 and 2018.

13. Cash and cash equivalents

	Group			Company		
	30 September		1 October	30 September		1 October
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cash at bank and on hand	**1,752**	6,757	2,285	**95**	2,827	66
Short-term bank deposits	**–**	1,015	993	**–**	–	–
	1,752	7,772	3,278	**95**	2,827	66

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

	Group		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Cash and cash equivalents (as above)	**1,752**	7,772	3,278
Less: Bank deposits pledged	**–**	(1,015)	(993)
Less: Bank overdrafts (Note 27)	**–**	–	(631)
Cash and cash equivalents per consolidated statement of cash flows	**1,752**	6,757	1,654

There were no bank deposits pledged as at 30 September 2019. As at 30 September 2018, bank deposits amounting to approximately $1,015,000 (1 October 2017: $993,000) were pledged to the bank to secure credit facilities of the subsidiary corporations (Note 27(a)).

13. Cash and cash equivalents (continued)

Disposal of a subsidiary corporation

At 30 September 2019, the Group has effectively transferred the control and management of Unicasa's relevant activities to the purchaser following a commitment to sell Unicasa (Note 11) and deconsolidated Unicasa as at 30 September 2019. The effects of the disposal on the cash flows of the Group were:

	At September 2019 $'000
Carrying amount of assets and liabilities disposed of:	
Cash and cash equivalents	**662**
Trade and other receivables	**368**
Inventories	**1,010**
Property, plant and equipment	**106**
Total assets	**2,146**
Trade and other payables	**2,052**
Provisions	**19**
Total liabilities	**2,071**
Net assets disposed of	**75**
Cash inflows arising from disposal:	
Net liabilities disposed of (as above)	**75**
Non-controlling interests derecognised	**318**
Currency translation reserve	**6**
Gain on disposal (Note 8)	**46**
Total purchase consideration receivable (Note 15)	**445**
Cash proceeds received from disposal	**–**
Less: Cash and cash equivalents in a subsidiary corporation disposed of	**(662)**
Net cash outflow on disposal	**(662)**

14. Derivative financial instrument

	Group					
	Contract notional amount			Fair value – asset		
	30 September		1 October	30 September		1 October
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'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

In previous financial years, cross currency interest rate swap was transacted to hedge variable interest and principal payment of certain foreign currency borrowings which had been fully settled during the financial year. While cross currency interest rate swap provided hedging effect as required by the Group's risk management policy, the derivative did not meet the criteria for hedge accounting under the specific rules of SFRS 39 *Financial Instruments: Recognition and Measurement*. The fair value changes on the cross currency interest rate swap was recognised immediately in profit or loss.

15. Trade and other receivables

	Group			Company		
	30 September		1 October	30 September		1 October
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Trade receivables – non-related parties	**3,356**	4,042	4,213	**–**	–	–
Less: Loss allowance (Note 31(b))	**(102)**	(214)	(193)	**–**	–	–
	3,254	3,828	4,020	**–**	–	–
Non-trade receivables:						
- Non-related parties	**644**	1,526	1,048	**19**	33	295
- Related parties	**75**	72	22	**–**	–	–
- Subsidiary corporations	**–**	–	–	**34,007**	32,013	22,003
	719	1,598	1,070	**34,026**	32,046	22,298
Deposits	**168**	174	168	**57**	57	57
Prepayments	**102**	140	104	**25**	25	26
	4,243	5,740	5,362	**34,108**	32,128	22,381
Non-current						
Non-trade receivables – associated company	**2,479**	2,479	2,479	**–**	–	–
Less: Loss Allowance (Note 31(b))	**(2,479)**	(2,479)	(2,479)	**–**	–	–
	–	–	–	**–**	–	–
	4,243	5,740	5,362	**34,108**	32,128	22,381

Non-trade receivables from related parties and subsidiary corporations are unsecured, interest-free and repayable on demand. Included in non-trade receivables from non-related parties as at 30 September 2019 is purchase consideration receivable from the purchaser for the sale of Unicasa of $445,000 (Note 13) which had been received in November 2019.

The non-trade receivable from an associated company is unsecured and shall be repaid in full in 4 years from 2018. In 2017, the Group recognised a full loss allowance 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.

16. Inventories

	Group		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Finished goods	**4,632**	5,770	4,621

The cost of inventories recognised as an expense and included in "cost of sales" amounting to approximately $10,296,000 (2018: $10,863,000) (Note 5).

During the financial year ended 30 September 2019, the Group recognised a write-down in inventories of approximately $121,000 (2018: $131,000) (Note 5).

17. Development properties

	Group		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Costs of land	**49,413**	49,497	48,154
Development costs	**4,291**	4,273	4,100
Interest capitalised	**1,715**	1,718	1,671
	55,419	55,488	53,925
Analysed as:			
- Current	**–**	–	53,925
- Non-current	**55,419**	55,488	–

(a) As at 30 September 2019, development properties with carrying amount of approximately $9,983,000 (30 September 2018: $55,488,000, 1 October 2017: $53,925,000) are mortgaged to banks for credit facilities granted to the subsidiary corporations (Note 27(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 2019 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	15,560	–	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.

18. Assets held-for-sale

	Group		Company	
	30 September		30 September	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**–**	9,707	**–**	7,702
Disposal	**–**	(9,707)	**–**	(7,702)
	–	–	**–**	–

18. Assets held-for-sale (continued)

In 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 8).

19. Club membership

	Group	
	30 September	
	2019	2018
	$'000	$'000
Cost		
Beginning of financial year	**–**	41
Less: Write-off	**–**	(41)
End of financial year	**–**	–
Allowance for impairment		
Beginning of financial year	**–**	32
Less: Write-off	**–**	(32)
End of financial year	**–**	–
Net book value	**–**	–

20. Investments in associated companies

	30 September	
	2019	2018
	$'000	$'000
Company		
Equity investments, at cost		
Beginning and end of financial year	**10,305**	10,305

20. Investments in associated companies (continued)

	30 September	
	2019	2018
	$'000	$'000
Group		
Beginning of financial year	**14,283**	12,533
Share of profit of associated companies	**1,391**	1,614
Dividends received	**(555)**	(444)
Share of other comprehensive (loss)/income	**(39)**	580
End of financial year	**15,080**	14,283

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		
		30 September		1 October
		2019	2018	2017
Fiamma Holdings Berhad [(a)]	Malaysia	**15.21**	14.83	26.12
Asteras Holdings Pte Ltd [(b)]	Singapore	**20.00**	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.

As at 30 September 2019, the fair value of the Group's interest in Fiamma, which is listed in the Bursa Malaysia, was approximately $11,996,000 (30 September 2018: $12,579,000, 1 October 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 $15,080,000 (30 September 2018: $14,283,000, 1 October 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 $1,391,000 and $555,000 (2018: $1,614,000 and $444,000).

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

20. Investments in associated companies (continued)

The Group has not recognised its share of loss for the financial year ended 30 September 2019 of approximately $74,000 (2018: $47,000) 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 $251,000 (2018: $177,000) at the reporting date.

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

	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Current assets	**157,066**	153,374	166,272
Includes:			
- Cash and cash equivalents	**27,519**	33,957	25,406
Current liabilities	**(77,937)**	(73,476)	(47,848)
Includes:			
- Financial liabilities (excluding trade payables)	**(46,776)**	(39,204)	(26,774)
Non-current assets	**109,809**	110,397	67,468
Non-current liabilities	**(19,182)**	(24,444)	(35,603)
Includes:			
- Financial liabilities	**(15,628)**	(20,544)	(31,391)
- Other liabilities	**(3,554)**	(3,900)	(4,212)
Net assets	**169,756**	165,851	150,289
Analysed as:			
- Net assets attributable to equity holders of Fiamma	**161,664**	158,319	143,512
- Net assets attributable to non-controlling interests	**8,092**	7,532	6,777

Summarised statement of comprehensive income

	2019	2018
	$'000	$'000
Revenue	**111,367**	113,081
Expenses	**(97,561)**	(97,641)
Includes:		
- Interest expense	**(2,841)**	(2,511)
Profit before income tax	**13,806**	15,440
Income tax expense	**(3,696)**	(3,643)
Net profit	**10,110**	11,797
Other comprehensive loss	**(7)**	(123)
Total comprehensive income	**10,103**	11,674
Dividends received from associated company	**555**	444

20. Investments in associated companies (continued)

The information above reflects the amounts presented in the consolidated financial statements of Fiamma (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and Fiamma.

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:

	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Net assets	**161,664**	158,319	143,512
Group's equity interest	**15.21%**	14.83%	26.12%
Group's share of net asset	**24,589**	23,479	37,485
Classified as assets held-for-sale	**–**	–	(15,505)
Less: Impairment loss	**(7,487)**	(7,487)	(7,487)
Less: Bargain purchase	**(2,022)**	(1,709)	(1,960)
Carrying value of Fiamma, representing carrying value of the Group's investments in associated companies	**15,080**	14,283	12,533

21. Investment in a joint-venture company

	Group	
	2019	2018
	$'000	$'000
Beginning of financial year	**2,398**	2,112
Addition	**403**	384
Share of loss of a joint-venture company	**(166)**	(91)
Currency translation differences	**13**	(7)
End of financial year	**2,648**	2,398

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 ownership interest**		
			30 September		1 October
			2019	2018	2017
VMD Development Sdn. Bhd. ("VMD")[(a)]	Industrial property development	Malaysia	**50**	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.

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

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

	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Current assets	**380**	6,939	6,741
Includes:			
- Cash and cash equivalents	**380**	370	363
Current liabilities	**(6,239)**	(5,450)	(4,693)
Includes			
- Financial liabilities (excluding trade payables)	**(6,239)**	(5,450)	(4,693)
Non-current assets	**6,583**	–	–
Non-current liabilities	**(1,667)**	(2,125)	(2,488)
Includes:			
- Financial liabilities	**(1,667)**	(2,125)	(2,488)
Net liabilities	**(943)**	(636)	(440)

Statement of comprehensive income

	2019	2018
	$'000	$'000
Expenses	**(332)**	(182)
Includes:		
- Interest expense	**(131)**	(169)
Loss before income tax	**(332)**	(182)
Income tax expense	**–**	–
Net loss	**(332)**	(182)

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.

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

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:

	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Net liabilities	**(943)**	(636)	(440)
Group's equity interest	**50%**	50%	50%
Group's share of net liabilities	**(471)**	(318)	(220)
Loan to joint-venture company classified as cost of investment	**3,119**	2,716	2,332
Carrying value	**2,648**	2,398	2,112

22. Investments in subsidiary corporations

	Company		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Equity investments, at cost	**12,402**	12,402	12,402
Non-current advances [(a)]	**1,842**	1,157	1,157
	14,244	13,559	13,559
Less: Allowance for impairment	**(600)**	(600)	(600)
	13,644	12,959	12,959

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

22. Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 30 September 2019 and 2018 and 1 October 2017 with no change in the shareholdings over the financial periods:

Name of entity	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
			%	%
Held by the Company				
Asteras Pte. Ltd. [a]	Dormant	Singapore	**100**	–
Casa (S) Pte. Ltd. [a]	Distributor of electrical and electronic home appliances	Singapore	**100**	–
Casa International Pte. Ltd. [a]	Dormant	Singapore	**100**	–
Casa Global Pte. Ltd. [a]	Investment holding	Singapore	**100**	–
Casa Poly Builder Sdn. Bhd. [b]	Property holdings	Malaysia	**55**	45
Casa Property Holdings Pte. Ltd. [a]	Property holdings	Malaysia	**100**	–
Held by Casa Global Pte. Ltd.				
Uno Casa S.A.R.L [d]	Dormant	Morocco	**100**	–
Held by Casa Property Holdings Pte. Ltd.				
Casa Property Development Sdn. Bhd. [b][f]	Property Development	Malaysia	**34.3**	65.7
Fantastic Modern Sdn. Bhd. [b][f]	Property Development	Malaysia	**34.3**	65.7
Genius Chamber Sdn. Bhd. [b][f]	Property Development	Malaysia	**34.3**	65.7
Held by Casa Property Development Sdn. Bhd.				
UAC Development & Construction Sdn. Bhd. [e][f]	Construction	Malaysia	**34.3**	65.7

22. Investments in subsidiary corporations (continued)

In addition, the Group incorporated the following subsidiary corporation during 2018 and subsequently disposed as at 30 September 2019:

Name of entity	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			30 September		1 October	30 September		1 October
			2019	2018	2017	**2019**	2018	2017
			%	%	%	**%**	%	%
Held by Casa International Pte. Ltd.								
Unicasa Pty Ltd [(c)]	Distributor of kitchen and bathroom fixtures and accessories	Australia	**–**	51	–	**–**	49	–

(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) *In 2018, the Group incorporated Unicasa Pty Ltd. In 2019, the Group disposed its 51% ownership to a non-related party (Note 13).*

(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 SFRS(I) 10 – "Consolidated Financial Statements".*

	Group		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Carrying value of non-controlling interests			
Casa Property Development Sdn. Bhd.	**798**	1,309	2,118
Fantastic Modern Sdn. Bhd.	**(327)**	(288)	(196)
Genius Chamber Sdn. Bhd.	**(223)**	(162)	(83)
Unicasa Pty Ltd	**–**	(142)	–
Subsidiary corporations with immaterial non-controlling interests	**(147)**	(120)	(94)
Total	**101**	597	1,745

22. Investments in subsidiary corporations (continued)

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.

Summarised statements of financial position

	Casa Property Development Sdn. Bhd.			Fantastic Modern Sdn. Bhd.			Genius Chamber Sdn. Bhd.		
	30 September		1 October	30 September		1 October	30 September		1 October
	2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Current									
Assets	**451**	5,216	46,749	**150**	224	5,604	**131**	214	4,524
Liabilities	**(20,567)**	(26,554)	(26,569)	**(3,380)**	(3,743)	(2,753)	**(2,722)**	(2,989)	(2,174)
Net current (liabilities)/assets	**(20,116)**	(21,338)	20,180	**(3,230)**	(3,519)	2,851	**(2,591)**	(2,775)	2,350
Non-current									
Assets	**46,751**	47,087	5,058	**5,529**	5,538	–	**4,454**	4,462	–
Liabilities	**(25,420)**	(23,756)	(22,014)	**(2,797)**	(2,457)	(3,150)	**(2,202)**	(1,933)	(2,477)
Net non-current (liabilities)/assets	**21,331**	23,331	(16,956)	**2,732**	3,081	(3,150)	**2,252**	2,529	(2,477)
Net assets/(liabilities)	**1,215**	1,993	3,224	**(498)**	(438)	(299)	**(339)**	(246)	(127)

Summarised statements of comprehensive income

	Casa Property Development Sdn. Bhd.		Fantastic Modern Sdn. Bhd.		Genius Chamber Sdn. Bhd.	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Loss before income tax	**(778)**	(1,231)	**(60)**	(131)	**(93)**	(116)
Income tax expense	**–**	–	**–**	–	**–**	–
Net loss	**(778)**	(1,231)	**(60)**	(131)	**(93)**	(116)
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive loss	**(778)**	(1,231)	**(60)**	(131)	**(93)**	(116)
Total comprehensive loss allocated to non-controlling interests	**(511)**	(809)	**(39)**	(86)	**(61)**	(76)

Summarised statements of cash flows

	Casa Property Development Sdn. Bhd.		Fantastic Modern Sdn. Bhd.		Genius Chamber Sdn. Bhd.	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Net cash used in operating activities	**(643)**	(2,676)	**(5)**	(125)	**(18)**	(121)
Net cash provided by/(used in) investing activities	**20**	(10)	**–**	–	**–**	–
Net cash (used in)/provided by financing activities	**(652)**	2,443	**(70)**	133	**(64)**	141

23. Property, plant and equipment

Group	Leasehold land and buildings $'000	Plant and machinery $'000	Furniture, fittings and facilities $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
2019						
Cost						
Beginning of financial year	7,276	242	3,280	924	2,866	14,588
Currency translation differences	(12)	(9)	(2)	(2)	(5)	(30)
Additions	–	–	60	–	–	60
Disposal of a subsidiary corporation (Note 13)	–	(76)	(28)	(21)	–	(125)
Disposals	–	–	(6)	(12)	–	(18)
End of financial year	7,264	157	3,304	889	2,861	14,475
Accumulated depreciation						
Beginning of financial year	460	137	3,020	768	–	4,385
Currency translation differences	(3)	(1)	–	(1)	–	(5)
Depreciation charge						
- Continuing operations (Note 5)	458	5	72	53	–	588
- Discontinued operations	–	2	1	3	–	6
Disposal of a subsidiary corporation (Note 13)	–	(11)	(2)	(6)	–	(19)
Disposals	–	–	(6)	(5)	–	(11)
End of financial year	915	132	3,085	812	–	4,944
Net book value						
End of financial year	6,349	25	219	77	2,861	9,531

23. Property, plant and equipment (continued)

Group	Leasehold land and buildings	Plant and machinery	Furniture, fittings and facilities	Motor vehicles	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
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
Adoption of SFRS(I) 1 (Note 2.2)	(14,926)	–	–	–	–	(14,926)
	7,249	159	3,241	884	2,790	14,323
Currency translation differences	27	1	2	3	76	109
Additions	–	82	39	37	–	158
Disposals	–	–	(2)	–	–	(2)
End of financial year	7,276	242	3,280	924	2,866	14,588
Accumulated depreciation						
Beginning of financial year	5,554	128	2,927	682	–	9,291
Adoption of SFRS(I) 1 (Note 2.2)	(5,554)	–	–	–	–	(5,554)
	–	128	2,927	682	–	3,737
Currency translation differences	1	–	–	–	–	1
Depreciation charge						
- Continuing operations (Note 5)	459	5	91	76	–	631
- Discontinued operations	–	4	4	10	–	18
Disposals	–	–	(2)	–	–	(2)
End of financial year	460	137	3,020	768	–	4,385
Net book value						
End of financial year	6,816	105	260	156	2,866	10,203

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

(i) Leasehold land and building with a remaining useful life of approximately 6 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 Yaacoub El Mansour.

(b) As at 30 September 2019, asset under construction with a carrying amount of approximately $2,861,000 (30 September 2018: $2,866,000, 1 October 2017: $2,790,000) is mortgaged to a bank for credit facilities granted to a subsidiary corporation (Note 27(a)).

(c) The carrying amount of a motor vehicle held under finance lease as at 30 September 2019 is approximately $33,000 (30 September 2018: $45,000, 1 October 2017: $66,000).

24. 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		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Deferred income tax assets	**–**	–	83

Movements in net deferred income tax account is as follows:

	Group	
	2019	2018
	$'000	$'000
Tax losses		
Beginning of financial year	**–**	83
Tax charged to profit or loss	**–**	(83)
End of financial year	**–**	–

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 approximately $2,493,000 (30 September 2018: $2,158,000, 1 October 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.

25. Trade and other payables

	Group			Company		
	30 September		1 October	30 September		1 October
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Trade payables						
- Non-related parties	**992**	1,204	1,232	**–**	–	–
- Related parties	**–**	1,194	–	**–**	–	–
	992	2,398	1,232	**–**	–	–
Non-trade payables:						
- Non-related parties	**96**	84	204	**9**	–	–
- Related parties	**53**	–	6,570	**–**	–	–
- Subsidiary corporations	**–**	–	–	**11,740**	12,029	12,920
	149	84	6,774	**11,749**	12,029	12,920
Accruals for operating expenses	**1,728**	1,815	1,475	**207**	211	200
Bills payable	**1,617**	2,059	2,430	**–**	–	–
Trade receivables financing liabilities	**521**	301	–	**–**	–	–
Refundable deposits from customers	**515**	517	498	**–**	–	28
	5,522	7,174	12,409	**11,956**	12,240	13,148
Non-current						
Non-trade payables - Related parties	**29,238**	27,502	14,114	**–**	–	–
	34,760	34,676	26,523	**11,956**	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 approximately $29,238,000 (30 September 2018: $27,502,000, 1 October 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 $27,402,000 (30 September 2018: $26,026,000, 1 October 2017: $13,589,000) are computed based on cash flows discounted at market borrowing rate of 6.7% (30 September 2018: 5.6%, 1 October 2017: 5.6%). The fair value is within Level 2 of fair value hierarchy.

26. Provisions

	Group		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Current			
Warranty (Note (a))	**457**	422	392
Non-current			
Demolition costs (Note (b))	**165**	165	161
Total	**622**	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	
	2019	2018
	$'000	$'000
Beginning of financial year	**422**	392
Provision made (Note 5)	**542**	486
Provision utilised	**(488)**	(456)
Disposal of a subsidiary corporation (Note 13)	**(19)**	–
End of financial year	**457**	422

(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	
	2019	2018
	$'000	$'000
Beginning of financial year	**165**	161
Currency translation difference	**–**	4
End of financial year	**165**	165

27. Borrowings

	Group		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Current			
Bank borrowings	**506**	11,567	13,254
Bank overdraft (Note 13)	**–**	–	631
Finance lease liabilities	**13**	28	21
	519	11,595	13,906
Non-current			
Bank borrowings	**404**	913	12,348
Finance lease liabilities	**–**	12	45
	404	925	12,393
Total borrowings	**923**	12,520	26,299

Bank borrowings of the Group of approximately $910,000 (30 September 2018: $12,480,000, 1 October 2017: $25,602,000) are subject to monthly (30 September 2018: monthly, 1 October 2017: monthly) contractual repricing and the effective interest rates on the borrowings for the reporting period are in the range of 5.36% to 6.39% (30 September 2018: 5.14% to 6.46%, 1 October 2017: 4.58% to 5.86%).

(a) Total borrowings include secured liabilities of approximately $923,000 (30 September 2018: $12,520,000, 1 October 2017: $26,299,000) for the Group. Bank borrowings of the Group are secured over certain development properties (Note 17(a)) and leasehold buildings (Note 23(b)) (30 September 2018 and 1 October 2017: certain bank deposits (Note 13), development properties (Note 17(a)) and leasehold buildings (Note 23(b))). Finance lease liabilities of the Group are secured over a motor vehicle (Note 23(c)). 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		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Bank borrowings	**354**	787	9,663
Finance lease liabilities	**–**	5	17
	354	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		
	30 September		1 October
	2019	2018	2017
	%	%	%
Bank borrowings	**5.87**	5.96	5.83
Finance lease liabilities	**–**	2.54	2.54

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

28. Share capital

	No. of ordinary shares		Amount	
	2019	2018	**2019**	2018
	'000	'000	**$'000**	$'000
Group and Company				
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.

29. Contingent liabilities

Group

During the financial year ended 30 September 2018, a claim for approximately RM569,000 (approximately $188,000) was lodged by a vendor 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. Legal advice obtained indicates that, except for the out-of-court settlement, it is not probable that any significant liability will arise. At 30 September 2019, the Group recognised a provision of approximately $30,000 for the above claim which was subsequently settled with the vendor after the end of the financial year.

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 $910,000 and $1,617,000 respectively (30 September 2018: $12,480,000 and $1,620,000 respectively, 1 October 2017: $25,664,000 and $1,576,000 respectively) at the reporting date (Note 31(b)).

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.

30. Commitments

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

The Group leases land from a non-related party under non-cancellable operating lease agreement. The lease expires on 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	
	2019	2018
	$'000	$'000
Not later than one year	**117**	381
Between one and five years	**468**	759
Later than five years	**1,909**	2,065
	2,494	3,205

(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	
	2019	2018
	$'000	$'000
Not later than one year	**428**	159
Between one and five years	**570**	–
	998	159

31. 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 27), 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 (2018: Malaysia and Australia) are managed primarily through borrowings denominated in the relevant foreign currencies and by entering into currency swap, if necessary.

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
At 30 September 2019							
Financial assets							
Cash and cash equivalents	895	611	10	198	30	8	1,752
Trade and other receivables	3,143	131	445	374	26	22	4,141
Receivables from inter-companies	15,133	58,906	–	640	1,715	20	76,414
	19,171	59,648	455	1,212	1,771	50	82,307
Financial liabilities							
Trade and other payables	2,455	29,724	51	2,009	378	143	34,760
Borrowings	8	915	–	–	–	–	923
Payables to inter-companies	15,133	58,906	–	640	1,715	20	76,414
	17,596	89,545	51	2,649	2,093	163	112,097
Net financial assets/(liabilities)	1,575	(29,897)	404	(1,437)	(322)	(113)	(29,790)
Currency exposure of financial (liabilities)/assets, net of those denominated in the respective entities' functional currencies	(22)	27,333	404	(1,437)	(322)	(46)	25,910

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Group	SGD $'000	RM $'000	AUD $'000	USD $'000	EUR $'000	Others $'000	Total $'000
At 30 September 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
At 1 October 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

31. 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 $'000	RM $'000	USD $'000	Total $'000
At 30 September 2019				
Financial assets				
Cash and cash equivalents	37	52	6	95
Trade and other receivables	987	33,096	–	34,083
	1,024	33,148	6	34,178
Financial liabilities				
Trade and other payables	11,956	–	–	11,956
Net financial (liabilities)/assets	(10,932)	33,148	6	22,222
Currency exposure of financial assets, net of those denominated in the Company's functional currency	–	33,148	6	33,154
At 30 September 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
At 1 October 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

31. **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		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Group			
RM against SGD			
- Strengthened by 1% (30 September 2018: 3%, 1 October 2017: 5%)	**273**	752	971
- Weakened 1% (30 September 2018: 3%, 1 October 2017: 5%)	**(273)**	(752)	(971)
AUD against SGD			
- Strengthened by 6% (30 September 2018: 5%, 1 October 2017: 0%)	**24**	4	–*
- Weakened by 6% (30 September 2018: 5%, 1 October 2017: 0%)	**(24)**	(4)	–*
USD against SGD			
- Strengthened by 1% (30 September 2018: 1%, 1 October 2017: 6%)	**(14)**	(28)	(197)
- Weakened by 1% (30 September 2018: 1%, 1 October 2017: 6%)	**14**	28	197
EUR against SGD			
- Strengthened by 5% (30 September 2018: 1%, 1 October 2017: 7%)	**(16)**	(3)	(18)
- Weakened by 5% (30 September 2018: 1%, 1 October 2017: 7%)	**16**	3	18
Company			
RM against SGD			
- Strengthened by 1% (30 September 2018: 3%, 1 October 2017: 5%)	**331**	942	1,318
- Weakened by 1% (30 September 2018: 3%, 1 October 2017: 5%)	**(331)**	(942)	(1,318)
USD against SGD			
- Strengthened by 1% (30 September 2018: 1%, 1 October 2017: 6%)	**–***	–*	–*
- Weakened by 1% (30 September 2018: 1%, 1 October 2017: 6%)	**–***	–*	–*

- * Denotes less than $1,000

31. Financial risk management (continued)

(a) Market risk (continued)

(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 $nil (30 September 2018: $1,015,000, 1 October 2017: $993,000) (Note 13) and $910,000 (30 September 2018: $12,480,000, 1 October 2017: $25,602,000) (Note 27) respectively.

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.

(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		
	30 September		1 October
	2019	2018	2017
	$'000	$'000	$'000
Corporate guarantees provided to banks on subsidiary corporations' and the joint-venture company's banking facilities (Note 29)	**2,527**	14,100	27,240

The movements in credit loss allowance are as follows:

Group	Trade receivables $'000	Non-trade receivables – associated company $'000	Total $'000
Balance at 1 October 2018 under SFRS	214	2,479	2,693
Application of SFRS(I) 9	–	–	–
Balance at 1 October 2018 under SFRS(I) 9	214	2,479	2,693
Loss allowance recognised in profit or loss during the financial year on:			
- Assets acquired/originated (Note 5)	23	–	23
- Reversal of unutilised amounts (Note 5)	(33)	–	(33)
	(10)	–	(10)
Receivables written off as uncollectible	(102)	–	(102)
Balance at 30 September 2019	102	2,479	2,581

31. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days after they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 90 days past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 September 2019 are set out as follows:

		Past due			
	Current	Within 30 days	30 to 60 days	More than 60 days	Total
Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount	2,213	117	283	683	3,356
Loss allowance	–	–	–	102	102

The Group's credit risk exposure in relation to trade receivables under SFRS 39 as at 1 October 2018 are set out as follows:

		Past due			
	Current	Within 30 days	30 to 60 days	More than 60 days	Total
Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount	2,355	499	375	83	4,042
Loss allowance	–	–	–	214	214

As a result of the assessment, a loss allowance of $102,000 (Note 3) for trade receivables were recognised as at 30 September 2019 (2018: $214,000).

31. **Financial risk management** (continued)

(b) Credit risk (continued)

(ii) Other receivables

The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECLs.

As at 30 September 2019, the Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, available press information and applying experienced credit judgement) and an assessment of impairment using the 12-month ECL basis on these financial assets. The Company concluded that the loss allowance on these financial assets is insignificant. The Group concluded the loss allowance provided for other receivables is adequate.

(iii) Cash and cash equivalents

The Group and Company held cash and cash equivalents of approximately $1,752,000 and $95,000 respectively (2018: $7,772,000 and $2,827,000) with banks which are rated AA- based on Standard & Poor and consider to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iv) Financial guarantee contracts

The Company and its subsidiary corporation have issued financial guarantees to banks for borrowings of its subsidiary corporations and the joint-venture company. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company and its subsidiary corporation does not expect significant credit losses arising from these guarantees.

Previous accounting policy for impairment of trade receivables

In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

31. **Financial risk management** (continued)

(b) Credit risk (continued)

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 60 days overdue).

The Group's credit risk exposure in relation to trade receivables under SFRS 39 as at 30 September 2018 and 1 October 2017 are set out as follows:

	2018 $'000
Past due less than one year but not impaired	641
Past due and/or impaired less than one year	95
Past due and/or impaired more than one year	134
Less: Allowance for impairment of receivables	(214)
	15
Beginning of financial year (Note 15)	193
Allowance made	
- Continuing operations (Note 5)	42
- Discontinued operations	80
Reversal of allowance (Note 5)	(101)
End of financial year (Note 15)	214

The Group's credit risk exposure in relation to non-trade receivables – associated company under SFRS 39 as at 30 September 2018 and 1 October 2017 are set out as follows:

	2018 $'000
Beginning and end of financial year (Note 15)	2,479

Financial assets that are neither past due nor impaired

Financial assets 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 track record with the Group.

Other than the above there were no credit loss allowance for other financial assets at amortised costs as at 30 September 2018 and 1 October 2017.

31. **Financial risk management** (continued)

(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 13.

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.

The table below analyses non-derivative financial liabilities of the Group 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.

Group	Less than 1 year $'000	Between 1 and 5 years $'000
At 30 September 2019		
Trade and other payables	3,905	31,425
Bills payable	1,617	–
Borrowings	519	404
Financial guarantee contracts (Note 29)	2,527	–
At 30 September 2018		
Trade and other payables	5,115	29,022
Bills payable	2,059	–
Borrowings	11,595	925
Financial guarantee contracts (Note 29)	14,100	–
At 1 October 2017		
Trade and other payables	9,979	16,002
Bills payable	2,430	–
Borrowings	13,906	12,393
Financial guarantee contracts (Note 29)	27,240	–

31. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the 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.

Company	Less than 1 year $'000
At 30 September 2019	
Trade and other payables	11,956
Financial guarantee contracts (Note 29)	2,527
At 30 September 2018	
Trade and other payables	12,240
Financial guarantee contracts (Note 29)	14,100
At 1 October 2017	
Trade and other payables	13,148
Financial guarantee contracts (Note 29)	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.

Group	Less than 1 year $'000	Between 1 and 5 years $'000
At 30 September 2018		
Cross currency interest rate swap		
- Receipts	9,169	–
- Payments	(7,869)	–
At 1 October 2017		
Cross currency interest rate swap		
- Receipts	11,777	9,130
- Payments	(9,862)	(7,652)

31. **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 2018, 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		
	30 September		1 October	30 September		1 October
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Total debt	**923**	12,520	26,299	**–**	–	–
Total equity	**56,722**	54,704	51,683	**46,196**	45,979	40,265
Gearing ratio	**0.02**	0.23	0.51	**NM**	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 2019 and 2018 and as at 1 October 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).

31. **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 14.

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 September 2018				
Assets				
Derivative financial instrument	–	1,261	–	1,261
At 1 October 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 year ended 30 September 2019 and 2018 and as at 1 October 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 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		
	30 September		1 October	30 September		1 October
	2019	2018	2017	**2019**	2018	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Financial assets at amortised cost	**5,893**	–	–	**34,178**	–	–
Loans and receivables	**–**	13,372	8,536	**–**	34,930	22,422
Financial liabilities at amortised cost	**35,683**	47,196	52,822	**11,956**	12,240	13,148

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

32. 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	
	2019	2018
	$'000	$'000
Purchases from related parties	**624**	1,960
Rental income from a related party	**444**	475

Related parties comprise mainly companies which are controlled by or have significant influence from the Group's key management personnel and their close family members.

Outstanding balances at 30 September 2019 and 2018, arising from sales/purchases of goods and services if any, are unsecured and receivable/payable within 12 months from the reporting date and are disclosed in Note 15 and Note 25 respectively.

(b) Key management's personnel compensation

Key management personnel compensation is as follows:

	Group	
	2019	2018
	$'000	$'000
Wages and salaries:		
- Directors of the Company	**403**	340
- Other key management	**269**	286
Employer's contribution to defined contribution plans, including Central Provident Fund:		
- Directors of the Company	**9**	7
- Other key management	**25**	23
Directors' fees	**151**	151
	857	807

33. Segment information

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

- Trading of electrical and electronic home appliances, kitchen and bathroom fixtures and accessories ("Trading")
- Property development

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

	Trading	Property development	Unallocated	Total
	$'000	$'000	$'000	$'000
2019				
Sales to external parties from continuing operations	18,591	–	–	18,591
Segment profit/(loss) from continuing operations	1,772	1,579	(304)	3,047
Interest income	–	21	6	27
Share of profit of associated companies	–	–	1,391	1,391
Share of loss of a joint-venture company	–	–	(166)	(166)
Interest expense	(163)	(1,866)	–	(2,029)
Profit before income tax				2,270
Income tax expense				(231)
Profit from continuing operations				2,039
Segment assets	17,612	57,378	18,315	93,305
Segment assets includes:				
Investments in associated companies	–	–	15,080	15,080
Investment in a joint-venture company	–	–	2,648	2,648
Additions to:				
- investment in a joint-venture company	–	–	403	403
- property, plant and equipment	60	–	–	60
Segment liabilities	7,270	29,038	275	36,583

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

33. Segment information (continued)

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

	Trading $'000	Property development $'000	Unallocated $'000	Total $'000
2018				
Sales to external parties from continuing operations	19,864	–	–	19,864
Segment profit from continuing operations	2,964	525	830	4,319
Interest income	–	33	103	136
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				3,316
Income tax expense				(495)
Profit from continuing operations				2,821
Segment assets	20,532	62,741	19,642	102,915
Segment assets includes:				
Investments in associated companies	–	–	14,283	14,283
Investment in a joint-venture company	–	–	2,398	2,398
Additions to:				
- investment in a joint-venture company	–	–	384	384
- property, plant and equipment	158	–	–	158
Segment liabilities	8,118	26,873	13,220	48,211

Geographical information

The Group's two business segments operates in two geographical areas: Singapore and Malaysia.

Singapore mainly caters for the Group's trading activities on distribution of electrical and electronic home appliances, kitchen, 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.

33. Segment information (continued)

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.

	Revenue from continuing operations $'000	Non-current assets $'000	Capital expenditures $'000
2019			
Singapore	**18,114**	**22,146**	**60**
Malaysia	**–**	**59,609**	**–**
Morocco	**–**	**923**	**–**
Other countries	**477**	**–**	**–**
Total	**18,591**	**82,678**	**60**
2018			
Singapore	19,415	4,817	9
Malaysia	–	76,465	–
Australia	–	130	149
Morocco	–	960	–
Other countries	449	–	–
Total	19,864	82,372	158

Revenues of approximately $1,872,000 (2018: $2,044,000) are derived from a single external customer. These revenues are attributable to the Singapore trading segment.

34. 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 2019 or later periods and which the Company has not early adopted:

(a) SFRS(I) 16 *Leases* (*effective for annual periods beginning on or after 1 January 2019*)

SFRS(I) 16 will result in almost all leases being recognised on the statements of financial position, 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.

The Group will apply the standard from its mandatory adoption date of 1 October 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 30 September 2019, the Group has non-cancellable operating lease commitments of approximately $2,494,000 (Note 30(a)). For the lease commitments, the Group expects to recognise right-of-use assets of approximately $1,645,000 on 1 October 2019, lease liabilities of approximately $1,645,000 (after adjustments for prepayments and accrued lease payments recognised) and deferred tax assets of approximately $280,000. Overall net assets will be approximately $280,000 higher, and net current assets will be approximately $114,000 lower due to the presentation of a portion of the liability as a current liability.

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

(a) SFRS(I) 16 *Leases* (*effective for annual periods beginning on or after 1 January 2019*) (continued)

The Group expects that net profit after tax will increase by approximately $114,000 for the financial year ended 30 September 2020 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows decrease by approximately $117,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities. The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

(b) SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (*effective for annual periods beginning on or after 1 January 2019*)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions as disclosed in Note 3(b) on the adoption of the interpretation on 1 October 2019.

35. 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 2019.

SHAREHOLDINGS STATISTICS

As at 12 December 2019

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 12 DECEMBER 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	–	0.00	–	0.00
100 - 1,000	487	18.51	483,300	0.23
1,001- 10,000	1,691	64.27	7,829,160	3.73
10,001- 1,000,000	441	16.76	29,666,400	14.14
1,000,001 and above	12	0.46	171,847,280	81.90
Total	**2,631**	**100.00**	**209,826,140**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 12 DECEMBER 2019

	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	18,352,670	8.75
5	DBS NOMINEES PTE LTD	12,569,500	5.99
6	SEAH SIOK NIEW	7,057,100	3.36
7	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	2,639,000	1.26
8	NG HOCK KON	1,561,000	0.74
9	NG KWONG CHONG	1,500,000	0.71
10	HSBC (SINGAPORE) NOMINEES PTE LTD	1,428,000	0.68
11	LIM MEOW SING	1,120,000	0.53
12	OCBC NOMINEES SINGAPORE PTE LTD	1,049,600	0.50
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	FSK INVESTMENT HOLDING PTE. LTD.	611,400	0.29
17	EDDY SUMITRA WIDJAJA OR LUCIEN HIDAYAT WIJAYA	600,000	0.29
18	LIM SOO TIAH	593,000	0.28
19	YEOW TIK HONG	580,700	0.28
20	CITIBANK NOMINEES SINGAPORE PTE LTD	578,000	0.28
	TOTAL:	**177,085,980**	**84.39**

SHAREHOLDINGS STATISTICS

As at 12 December 2019

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

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information available to the Company as at 12 December 2019, approximately 32.46% of the issued ordinary shares of the Company is held by public. This complies with Rule 723 of the SGX-ST Listing Manual.

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 Tuesday, 14 January 2020 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 2019 and the Directors' Statements and the Auditors' Report thereon. *(Please see explanatory note 1)*

2. To approve the Directors' fees of S$151,000 for the financial year ended 30 September 2019 (30 September 2018: S$151,000). **(Resolution 1)**

3. To re-elect Dr. Low Seow Chay retiring pursuant to Article 107 of the Company's Constitution. **(Resolution 2)**
(Please see explanatory note 2)

4. To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**

AS SPECIAL BUSINESS

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

5. **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 4)**
(Please see explanatory note 3)

6. 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

30 December 2019

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 Dr. Low Seow Chay can be found on page 4 of the Annual Report. Dr. Low Seow Chay, will, upon re-election as a Director of the Company, remain the Chairman 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 ordinary resolution in item no. 4 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.

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Dr Low Seow Chay is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 14 January 2020 ("AGM") ("Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Director as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	DR LOW SEOW CHAY
Date of Appointment	28 August 1995
Date of last re-appointment	20 January 2017
Age	70
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Dr Low Seow Chay for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Dr Low Seow Chay possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Audit Committee, Nominating Committee and Remuneration Committee
Professional qualifications	PhD in Mechanical Engineering from University of Manchester, UK
Working experience and occupation(s) during the past 10 years	Associate professor with Nanyang Technological University
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 204,600 ordinary shares in the listed issuer.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years) Present	 - Hai Leck Holdings Limited - Hor Kew Corporation Limited - L.K. Technology Holdings Limited

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

		DR LOW SEOW CHAY
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given		
a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

		DR LOW SEOW CHAY
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	iv any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	DR LOW SEOW CHAY
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes Independent director of - Hor Kew Corporation Limited and L.K. Technology Holdings Limited (present) - Hai Leck Holdings Limited (past)
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Attended courses by Singapore Institute of Directors, RHT Academy and RSM Singapore

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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 2020 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 2019.		
2.	To re-elect Dr. Low Seow Chay as Director of the Company.		
3.	To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company.		
4.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this ____________ day of ________________ 2020

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.

CORPORATE INFORMATION

Board of Directors

Lim Yian Poh
(Chairman and Independent Director)

Lim Soo Kong @ Lim Soo Chong
(Founder, 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
80 Robinson Road #25-00
Singapore 068898

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

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cre8 Tel: (65) 63278398