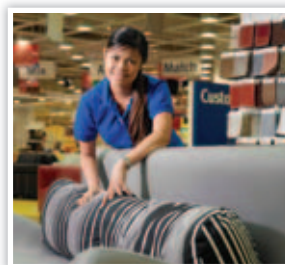




Courts Asia Limited

(Company Registration Number: 201001347K)
(Incorporated in Singapore on 18 January 2010)

178,000,000 SHARES (SUBJECT TO THE OVER-ALLOTMENT OPTION)
OFFERING PRICE: S\$0.77 PER OFFERING SHARE



Prospectus dated 8 October 2012.

This is an offering of 178,000,000 ordinary shares ("Shares", and each, a "Share") in the capital of Courts Asia Limited (the "Company", and together with our subsidiaries, the "Group"), a public company limited by shares incorporated under the Companies Act (Chapter 50 of Singapore) (the "Companies Act"). Our Company is offering 60,000,000 new Shares and Singapore Retail Group Limited ("SRG" or the "Vendor") is offering 118,000,000 existing Shares for subscription and/or purchase by investors at the offering price per Offering Share of S\$0.77 (the "Offering Price"). The Enlarged Offering (as defined herein) consists of (i) an international placement of 76,895,000 Offering Shares (as defined herein) to investors, including institutional and other investors in Singapore, outside the United States in reliance on Regulation S ("Regulation S") under the U.S. Securities Act (as defined herein) (the "Placement"), (ii) an offering of 8,900,000 Offering Shares (as defined herein) to the public in Singapore (the "Public Offer") (iii) 77,920,000 Shares subscribed and/or purchased pursuant to the Cornerstone Tranche (as defined herein), and (iv) 14,285,000 Shares subscribed and/or purchased pursuant to the Management Subscription Tranche (as defined herein). The Shares offered under the Placement and the Public Offer (the "Offering Shares" and the offer of the Offering Shares, the "Offering") may be reallocated between the Placement and the Public Offer, at the discretion of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager (as defined herein) (in consultation with our Company and the Vendor), subject to any applicable law. See "Plan of Distribution".

At the same time but separate from the Offering, each of JF Asset Management Limited, New Silk Road Investment Pte Ltd, Target Asset Management Pte Ltd and Value Partners Hong Kong Limited (the "Cornerstone Investors") have entered into cornerstone subscription agreements with the Company and/or the Vendor (as applicable) (the "Cornerstone Subscription Agreements") to subscribe for an aggregate of 77,920,000 Shares at the Offering Price (the "Cornerstone Shares"), conditional upon the Underwriting Agreement (as defined herein) having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date (as defined herein) (the "Cornerstone Tranche", together with the Offering, the "Global Offering").

Separate but concurrent with the Global Offering, Terence Donald O'Connor and Kee Kim Eng have entered into a subscription agreement (as supplemented by a supplemental letter) with our Company and the Vendor to subscribe for and/or purchase 14,285,000 Shares (the "Management Shares") at the Offering Price, conditional upon the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date (the "Management Subscription Tranche", together with the Global Offering, the "Enlarged Offering" and the Shares offered and/or sold pursuant to the Enlarged Offering, the "Enlarged Offering Shares").

The Offering Shares included in the Placement and the Public Offer will be underwritten by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, at the Offering Price. UOB Kay Hian Private Limited will be the coordinator for the Public Offer.

The Offering Price per Offering Share is payable in full on application by investors applying for the Offering Shares.

We have made an application to Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all our Shares (including the Offering Shares, the Cornerstone Shares, the Management Shares and the Additional Shares (as defined herein)), the Pre-IPO Plan Shares (as defined herein) and the Plan Shares (as defined herein) on the Main Board of the SGX-ST. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. The dealing in and quotation of the Shares will be in Singapore Dollars.

Acceptance of applications will be conditional upon, inter alia, permission being granted to deal in, and for quotation for, all our Shares (including the Offering Shares, the Cornerstone Shares, the Management Shares and the Additional Shares) and the Pre-IPO Plan Shares and the Plan Shares. If the completion of the Enlarged Offering does not occur because the SGX-ST's permission is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you, subject to applicable laws, at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claims against our Group, the Vendor, our Company, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or the Public Offer Coordinator (each as defined herein) or our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

We have received a letter of eligibility from the SGX-ST for the listing of and quotation for all our Shares (including the Offering Shares, the Cornerstone Shares, the Management Shares and the

Additional Shares) and the Pre-IPO Plan Shares and the Plan Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. You should not view our Company's eligibility to list and admission to the Official List of the SGX-ST as an indication of the merits of the Enlarged Offering, our Shares, our Company and our subsidiaries.

Investing in the Shares involves certain risks. See "Risk Factors".

Investors in the Placement will be required to pay a brokerage fee of up to 1% of the Offering Price in connection with their subscription and/or purchase of Offering Shares. See "Plan of Distribution".

OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, UNLESS THE OFFERING SHARES ARE REGISTERED UNDER THE U.S. SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IS AVAILABLE. THE OFFERING SHARES ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS AS DEFINED IN AND IN RELIANCE ON REGULATION S. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THE OFFERING SHARES, SEE "PLAN OF DISTRIBUTION - DISTRIBUTION AND SELLING RESTRICTIONS".

In connection with the Offering, the Vendor has granted The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, the Stabilising Manager, an over-allotment option (the "Over-allotment Option") exercisable in whole or in part, by the Stabilising Manager on one or more occasions from the commencement of dealing in our Shares on the SGX-ST (the "Listing Date") until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 17,159,000 Shares, representing not more than 20% of the total Offering Shares, to undertake stabilising actions, to purchase up to an aggregate of 17,159,000 Shares (the "Additional Shares") (representing not more than 20% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any, subject to any applicable laws and regulations.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 28 September 2012 and on 8 October 2012, respectively. The Authority assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act (Chapter 289 of Singapore) (the "Securities and Futures Act" or "SFA") or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Offering Shares (or the Cornerstone Shares or the Additional Shares, where the Over-allotment Option is exercised) being offered for investment.

No Shares will be allotted or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus by the Authority.

Investors who are members of the Central Provident Fund ("CPF") in Singapore may, subject to the applicable CPF rules and regulations, use the CPF Investible Savings (the "CPF Funds") to subscribe for and/or purchase our Offering Shares.

Sole Global Coordinator, Bookrunner,
Underwriter and Issue Manager

HSBC 

Public Offer Coordinator and
Sub-Placement Agent

UOB KayHian



Courts Asia Limited

(Company Registration Number: 201001347K)
(Incorporated in Singapore on 18 January 2010)

ONE OF THE LEADING ELECTRICAL PRODUCTS, IT PRODUCTS AND FURNITURE RETAILERS IN SINGAPORE AND MALAYSIA

ABOUT COURTS ASIA LIMITED

- Ⓢ We are one of the leading electrical products, IT products and furniture retailers in Singapore and Malaysia:
 - Largest market share in Singapore by sales value
 - Second largest market share in Malaysia by sales value
- Ⓢ We have an established retail presence in both countries, with more than 35 years in Singapore and more than 25 years in Malaysia
- Ⓢ We have a broad footprint with 70 stores covering more than 1 million sq. ft. of retail space across multiple store formats¹
 - Generated S\$724.2 million of revenue and S\$62.5 million in earnings before interest and tax in FY March 2012
- Ⓢ The size of our operations provides economies of scale and together with our strong brand equity, has enabled us to offer a distinct value proposition to customers – “Courts Price Promise 2012”
- Ⓢ Our unique business model successfully integrates retail with our in-house credit facilities – the Courts Flexi Schemes
 - Providing flexibility in payment options and encouraging repeat purchases
- Ⓢ Our ‘Courts’ brand is associated with quality products at affordable prices
- Ⓢ We are supported by a large and loyal customer base – We have over 1.2 million² members in our “Home Club” loyalty programme
- Ⓢ We have introduced innovative retailing concepts, such as the Megastore “big-box” concept, to Singapore and Malaysia

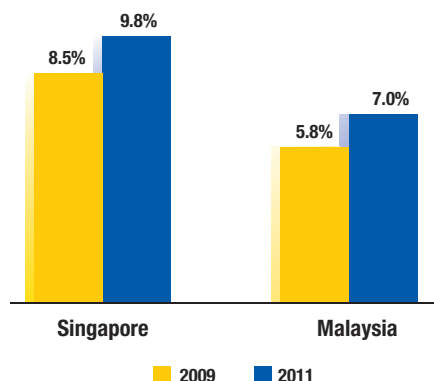
¹As at September 21, 2012

²As at March 31, 2012



OUR GROWING BUSINESS

Increased market share³ in Singapore and Malaysia

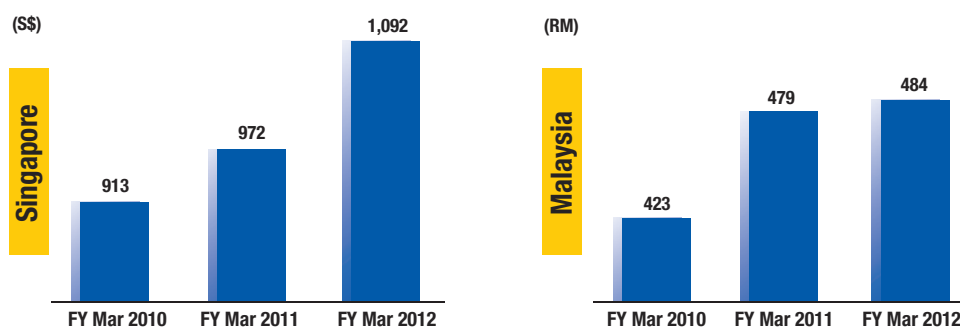


³Market share by sales value

Increased operating stores

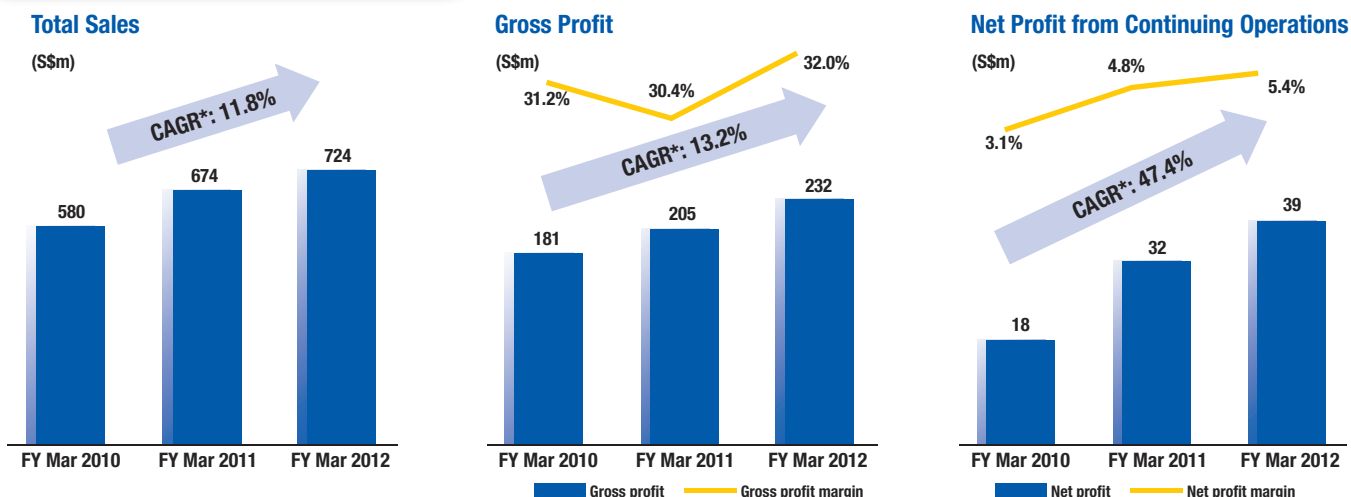
Total stores operated	31 March 2010	31 March 2011	31 March 2012
Singapore	9	11	13
Malaysia	46	52	55

Increased sales per sq. ft.⁴



⁴Based on weighted average retail square footage and sale of goods from stores for each period, excluding sales from events held outside stores

Increased revenue and profitability⁵



⁵For the financial years ended 31 Mar 2010, 31 Mar 2011 and 31 Mar 2012

*CAGR = Compound Annual Growth Rate

LARGEST MARKET SHARE IN SINGAPORE by sales value*

>35 years in Singapore • Total Retail Floor Space: 392,626 sq. ft.¹



1 MEGASTORE

- Retail area: Above 60,000 sq. ft.
- Total retail area: 136,200 sq. ft.

eCOURTS

- Online sales platform first launched in December 2009
- Re-launched on October 1, 2012
- Provides an alternative channel for our customers
- Believed to be the only established electrical, IT or furniture retailer of scale in Singapore to offer a complete online shopping solution
- Our "Click and Collect" programme allows our customers to pick up their online purchases in our stores

www.COURTS.com.sg

SHOP ONLINE 24/7 
FREE DELIVERY



8 SUPERSTORES

- Retail area: 12,000 – 60,000 sq. ft.
- Total retail area: 197,522 sq. ft.



1 DEPARTMENTAL STORE

- Total retail area: 44,312 sq. ft.



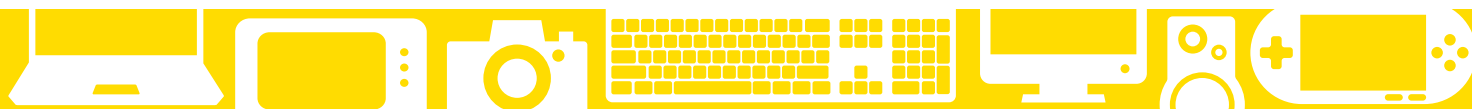
3 SMALL-FORMAT STORES

- Retail area: Up to 12,000 sq. ft.
- Total retail area: 14,592 sq. ft.

¹As at September 21, 2012

*According to data for 2011. Source: Euromonitor International Limited, May 2012

Our four different store formats, categorised based on retail area, cater to different

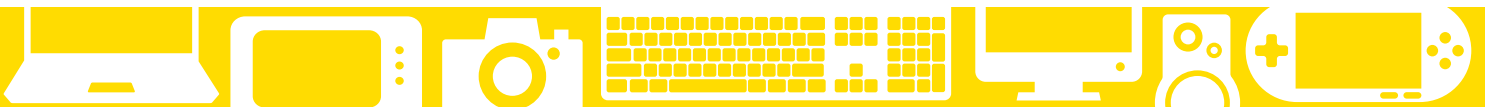


SECOND LARGEST MARKET SHARE IN MALAYSIA by sales value*

>25 years in Malaysia • Total Retail Floor Space: 811,069 sq. ft.¹



needs and locations, and eCourts (in Singapore) provides an online sales platform



COMPETITIVE STRENGTHS

Substantial scale and competitive cost structure with a distinct value proposition

- The scale of our operations provides economies of scale.** Together with our **brand equity**, we are able to negotiate terms with our suppliers and landlords that are advantageous to us
 - Helps us in securing suitable locations for our stores as landlords seek us out to be a tenant of their shopping malls in Singapore
- We seek to maintain a balance between shopping mall and non-mall locations** in our store portfolio, as well as to **strategically locate our stores in suburban** areas
 - Translates to competitive rental costs
- Other productivity and cost-saving initiatives implemented over the years include:**
 - Flexible compensation structures for our senior management and employees, where an element of remuneration is performance-variable, thereby lowering fixed costs
 - Enhancing credit approval, monitoring and collection process
- Our scale and focus on reducing costs enable us to offer customers a distinct value proposition: “Courts Price Promise 2012”**

COURTS PRICE PROMISE

Our simple promise to you:

- Lowest Prices Guaranteed and Checked Daily**
 On the world's top brands.
- We'll Refund Double the Price Difference**
 If you find a lower price elsewhere.
- No Expensive Lucky Draws**
 But instead, you'll receive a discount or a freebie to use with your main purchase.
- 7-Day Hassle-Free Exchange Policy**
 If you change your mind, that's cool with us.
- Most Flexible and Affordable Payment Plans**
 From interest-free options to low fixed instalment plans with up to 60 months to pay.



Visit www.courts.com.sg for full details.

Strong brand recognition and consumer perception arising from innovative retailing concepts

Winner of multiple awards

2012: Best Consumer Electronics Megastore (Singapore)
2012: Best Multi Channel Retailer (Singapore)
2008, 2012: Singapore Service Class (S-Class) certification
2011: CaseTrust Gold accreditation (Singapore)
2006, 2009, 2010: People Developer certification (Singapore)
2008: Best Brand in Home Furnishing & Electronics (Malaysia)

Innovative in introducing retail concepts

- Megastore 'big-box' concept** for furniture, electrical and IT products, believed to be **one of the first of its kind in Singapore when it opened in 2006**



Sleep Clinic, a concept which offers customers 'expert advice' on choice of beds and bedding and allows for customisation of mattresses



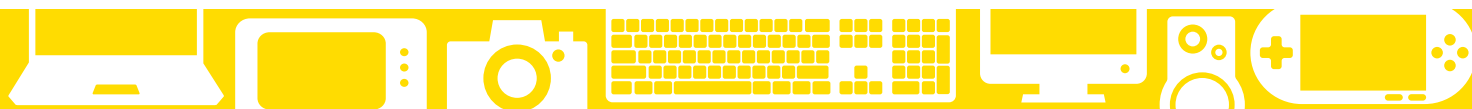
Cool Zone

◀ Cool Zone – our in-store one-stop shop for air-conditioning needs

Sofa Maker that allows consumers to customise their sofas

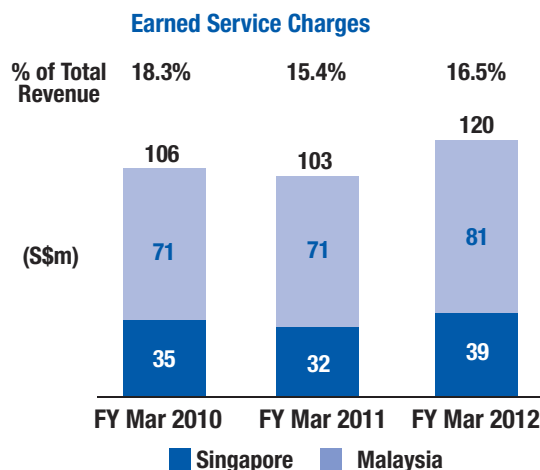
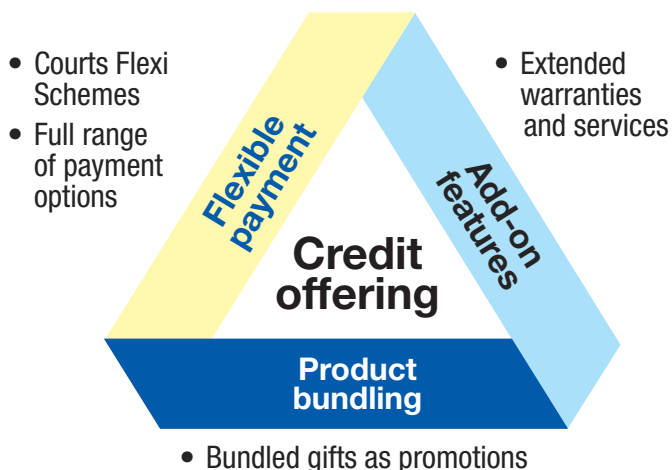


▲ Market Hall – dedicated to special promotions and exclusive offers



COMPETITIVE STRENGTHS

Unique business model leveraging on our Group's retail business by offering in-house credit facilities



© In-house credit facilities

- Give us a competitive advantage over our retail competitors who generally have to rely on external credit providers, who may not be as flexible as we are in providing such facilities
- Allow participating customers the flexibility of paying for their purchases by way of instalment payments over a period of up to 60 months
- Provide additional income streams of earned service charges and extended warranty fees

Large and loyal customer base, with over 1.2 million* Home Club members, encouraging repeat purchases

© “Home Club” loyalty programme offers members benefits and privileges at our stores, including exclusive members’ sales, promotions and discounts

- Builds customer loyalty and encourages repeat purchases

© Courts Flexi Schemes

- Over 273,000 customers*
- Approximately 83.9% and 68.3% of scheme participants in Singapore and Malaysia were repeat customers respectively*

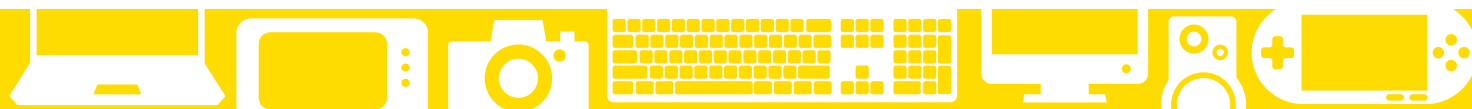
*As at March 31, 2012

Market leader in a sector with barriers to entry

- © The scarcity of prime store locations, high start up costs, bargaining power of less established retailers and established brand loyalty of consumers to incumbent players pose significant barriers to entry for potential entrants
- © Customer information collected from our sizeable customer base and extensive historical credit data is invaluable in determining how to position our business to best cater to customers, and would be difficult to replicate

Led by experienced, highly motivated and professional senior management team

- © Our Chief Executive Officer, Chief Financial Officer and Chief Operating Officer have each been with us for more than 15 years
- © Senior management team comprises international and local senior managers with global retailing experience and local knowledge of the market



GROWTH STRATEGIES

Improve existing store performance

Ⓢ Optimise merchandise mix, space allocation and product placement

- Store layout is designed to enhance customers' overall shopping experience
- Typically refurbish stores once every 3 to 4 years to update store format and layout
- On smaller scale, roll out “consumer experience” areas where customers can “touch and feel” the products and better experience the features and benefits of new products with help of specially-trained employees



- Key performance indicators of sales employees are aligned with strategy of promoting the latest product offerings and related accessories, warranties and services

Grow store footprint

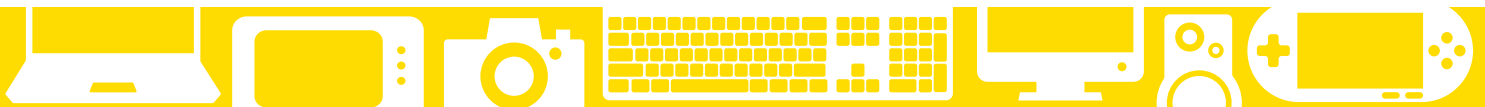
Ⓢ Grow store network by an average of 6 stores a year in Malaysia and an average of 1 store a year in Singapore over the next 2 to 3 years and/or increase our retailing area by an average of 140,000 sq. ft. per annum over the next 2 to 3 years, subject to market conditions

Ⓢ Malaysia's market for electrical and IT products is highly fragmented with no single dominant player and relatively limited market penetration outside the Klang Valley area

- Target suburban locations with high population densities and access to public transport



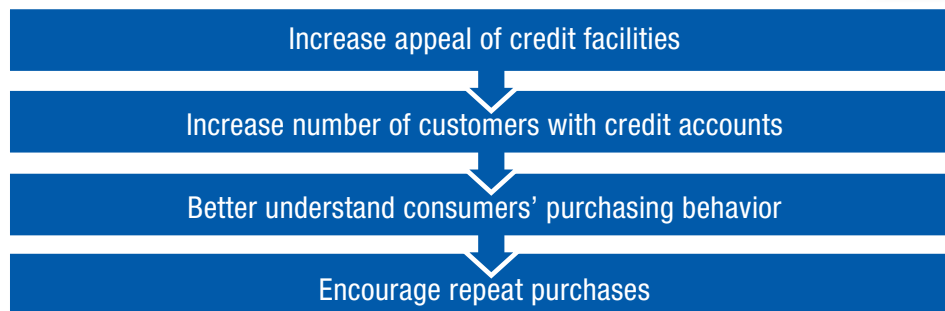
Ⓢ Focus on increasing retail floor space and retail productivity at existing retail stores in Singapore



GROWTH STRATEGIES

Innovate credit services

- Ⓢ Introduce new credit products to expand customer base
 - ‘SmartRent’: facility for customers to rent products instead of purchasing them
 - ‘S & E Pass Flexi Plan’: facility for foreign workers and expatriates in Singapore who may not have access to credit facilities
- Ⓢ Maximise credit spending of existing customers
 - Developing new channels for loan applications, for e.g. eCourts
 - Improve marketing efforts to encourage more participation in Courts Flexi Schemes



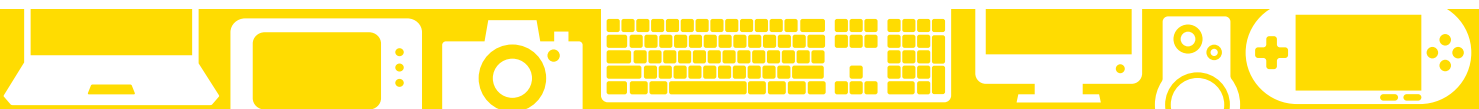
Expand online and other alternate trade channels and product offerings

- Ⓢ Re-launched eCourts on October 1, 2012
 - To increase online traffic and sales
 - Will provide value proposition for our customers, particularly with our associated credit offerings
 - Differentiates us from our major competitors who continue to use the internet mainly as a marketing tool
- Ⓢ Expand through alternate trade channels such as trade shows
 - Trade shows showcase our product offerings to a large customer audience and are highly cash-generative
- Ⓢ Introduce new product offerings/categories that fit with our core positioning of “home and technology solutions”
 - Adjacent product categories could be offered in conjunction with our current product portfolio, or bundled with existing products as complete solutions



Penetrate additional markets

- Ⓢ Apart from Singapore and Malaysia, we own intellectual property rights to “Courts” brand and/or other brands in 15 other Asia-Pac countries
 - Rights provide us the opportunity to enter these markets
- Ⓢ Target to open first store in eastern Jakarta, Indonesia, in 2014
 - Large, fast-growing and underpenetrated market
 - Becoming more open to modern concepts in electrical, IT and furniture products



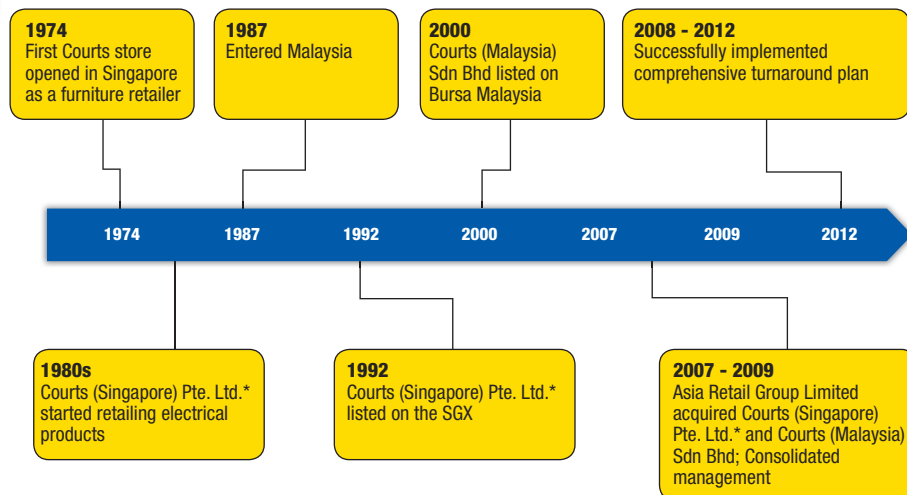
INDUSTRY OVERVIEW⁶

- Economic recovery over 2010 and 2011 led to increased consumer confidence
- Post-crisis years, consumers have become more technologically savvy and willing to spend on latest electronics offerings
- Consumers resuming big-ticket expenditure
- Trading up to designer furniture and more lavish furnishings

SINGAPORE	MALAYSIA
• Over 2007-2011, the electronics, appliances, furniture and furnishings industry grew by 3.0% CAGR – 6.3% growth from 2010 (compared to only 2.4% in 2008 and -1.3% in 2009) – Total retail value of SGD4.8 billion in 2011	• Over 2007-2011, the electronics, appliances, furniture and furnishings industry grew by 1.1% CAGR – 1.5% growth from 2010 (compared to only 0.9% in 2008 and -0.8% in 2009) – Total retail value of MYR 8.1 billion in 2011
• Over next five years, industry expected to grow at 4.9% CAGR, reaching total retail value of SGD 6.2 billion in 2016	• Over next five years, industry expected to grow at 4.3% CAGR, reaching total retail value of MYR 9.9 billion in 2016

⁶ Source: Euromonitor International Limited, May 2012

KEY MILESTONES



*Formerly known as "Courts (Singapore) Limited"

PRODUCT RANGE

	Electrical Products	IT Products	Furniture	Services
% of FY Mar 2012 sale of goods	42.6%	32.3%	19.3%	5.8%
	• Major White Goods • Vision • Small appliances • Audio	• Computers • Accessories • Photography • Mobile	• Mattresses • Bedroom furniture • Dining room furniture • Living room furniture • Home office products	• Warranty sales • Other services – Product replacement services

INDICATIVE TIMETABLE

Opening of the Public Offer	9 October 2012, 9.00 a.m.
Closing of the Public Offer	11 October 2012, 12.00 p.m.
Balloting of applications in the Public Offer	12 October 2012
Commence trading on a "ready" basis	15 October 2012, 9.00 a.m.

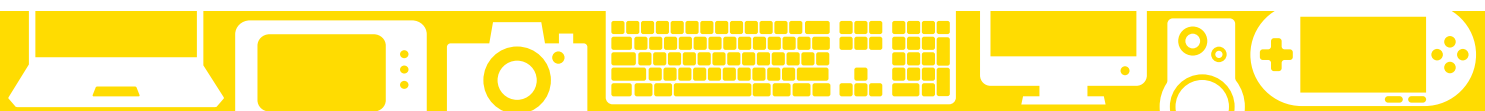


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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or the Public Offer Coordinator. Neither the delivery of this Prospectus nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs, conditions and prospects of our Company or our Shares since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this Prospectus or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with the said sections. Investors should take notice of such announcements and documents and upon release of such announcements or documents shall be deemed to have notice of such changes.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States, except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration or an exemption from registration under the U.S. Securities Act. You should be aware that you may be required to bear the risk of an investment in the Shares for an indefinite period of time. See “Plan of Distribution – Distribution and Selling Restrictions” for more information on these restrictions.

None of our Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or the Public Offer Coordinator or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any investors in the Shares regarding the legality of an investment by such investor under appropriate legal, investment or similar laws. In addition, this Prospectus is issued solely for the purpose of the Offering and investors in the Shares should not construe the contents of this Prospectus or its appendices as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Shares.

By applying for the Offering Shares on the terms and subject to the conditions in this Prospectus, each investor of the Offering Shares represents and warrants that he is not (i) a Director or Substantial Shareholder of our Company, (ii) an associate of a Director or Substantial Shareholder of our Company, and (iii) except as otherwise disclosed to the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator in writing, a connected client of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator or lead brokers or distributors of the Offering Shares.

The distribution of this Prospectus and the offering, purchase, sale or transfer of the Shares in certain jurisdictions may be restricted by law. Our Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or the Public Offer Coordinator require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to our Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or the Public Offer Coordinator. This Prospectus does not constitute an offer of, or an offering to purchase, any of the Shares in any jurisdiction in which such offer or offering would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Our Company and the Vendor are subject to the provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, if after this Prospectus is lodged but before the close of the Offering, our Company and/or the Vendor become aware of:

- (a) a false or misleading statement or matter in this Prospectus;
- (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or
- (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority which would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we and the Vendor may lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the Securities and Futures Act.

Where prior to the lodgment of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for and/or purchase the Offering Shares and:

- (a) where the Offering Shares have not been issued and/or sold to the applicants, we shall (as well as on behalf of the Vendor) either:
 - (i) within 2 Market Days from the date of lodgment of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
 - (ii) within 7 days from the date of lodgment of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall (as well as on behalf of the Vendor) within 7 days from the date of lodgment of the supplementary or replacement prospectus, return all monies paid in respect of any application to the applicants, without interest or any share of revenue or other benefit arising therefrom and at their own risk, and the applicants will not have any claim against our Company, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator; or
- (b) where the Offering Shares have been issued and/or sold to the applicants, we shall (as well as on behalf of the Vendor) either:
 - (i) within 2 Market Days from the date of lodgment of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus and provide the applicants with an option to return to our Company, those securities which they do not wish to retain title in and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;

- (ii) within 7 days from the date of lodgment of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return the Offering Shares, which they do not wish to retain title in; or
- (iii) (A) in the case of the New Shares, deem the issue as void and refund the applicants' payments for the New Shares (without interest or any share of revenue or other benefits arising therefrom and at their own risk) within 7 days from the date of lodgment of the supplementary or replacement prospectus and (B) in the case of the Vendor Shares, deem the sale of the Vendor Shares as void, and (C) in the case where documents to evidence title to the Vendor Shares ("title documents") have been issued to the applicants, within 7 days from the date of lodgment of the supplementary or replacement prospectus, inform the applicants to return the title documents within 14 days from the date of lodgment of the supplementary or replacement prospectus, and within 7 days from receipt of the title documents or the date of lodgment of the supplementary or replacement prospectus, whichever is the later, refund the applicants' payments for the Vendor Shares (without interest or any share of revenue or other benefits arising therefrom and at their own risk) and the applicants will not have any claim against us, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator.

Any applicant who wishes to exercise his option to withdraw his application shall, within 14 days from the date of lodgment of the supplementary or replacement documents, notify us and the Vendor whereupon we and the Vendor shall, within 7 days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to us and the Vendor, directing that no or no further Shares to which this Prospectus relates, be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter which in the opinion of the Authority is false or misleading, (ii) omits any information that should be included in accordance with the Securities and Futures Act or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

Where the Authority issues a Stop Order pursuant to Section 242 of the Securities and Futures Act, and

- (a) in the case where the Offering Shares have not been issued and/or sold to the applicants, the applications for the Offering Shares pursuant to the Offering shall be deemed to have been withdrawn and cancelled and we and the Vendor shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Offering Shares; or
- (b) in the case where the Offering Shares have been issued and/or sold to the applicants and the issue and/or sale of the Offering Shares pursuant to the Offering is required by the Securities and Futures Act to be deemed void, we and the Vendor shall, subject to compliance with the Articles of Association, repurchase the Offering Shares and we and the Vendor shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Offering Shares without interest or any share of revenue or other benefit arising therefrom.

Such monies paid in respect of the applicant's application will be returned to the applicant, in the case of applications for Offering Shares under the Public Offer, at the applicant's own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicant will not have any claim against our Company, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator.

If our Company is required by applicable Singapore laws to cancel issued Offering Shares and repay application monies to applicants (including instances where a Stop Order is issued), subject to compliance with the Articles of Association, we will purchase the Offering Shares at the Offering Price.

In connection with the Offering, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as the Stabilising Manager, may over-allot Shares or effect transactions which may stabilise or maintain the market price of the Shares at levels above those that would otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilising Manager will undertake any such stabilisation action. Such transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager has bought on the SGX-ST an aggregate of 17,159,000 Shares, representing not more than 20% of the Offering Shares, to undertake stabilising actions.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will” and “could” or similar words or phrases. However, please note that these words are not the exclusive means of identifying forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including those regarding our Group’s financial position and results, business strategy, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements, or industry results of our Group, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our Group’s present and future business strategy and the environment in which we will operate in the future. Among the important factors that could cause the actual results, performance or achievements of our Group to differ materially from those in the forward-looking statements include, among others, the results of operations and financial condition of our Group being highly dependent upon global economic conditions, political, regulatory, currency exchange fluctuations, adverse conditions in the industry, or other events which have a negative effect on the industry in which our Group operates. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Dividends”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Industry Overview” and “Business”. These forward-looking statements speak only as of the date of this Prospectus and our Group does not guarantee that the information contained herein is still current as of the date of this Prospectus.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of our Group to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. None of our Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or the Public Offer Coordinator, or any other person represents or warrants to you that the actual future results, performance or achievements of our Group will be as discussed in those statements.

The actual future results of our Group may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by our Group. We, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Our Group is, however, subject to provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after this Prospectus is registered but before the close of the Offering, we become aware of (a) a false or misleading statement or matter in the Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority.

CERTAIN DEFINED TERMS AND CONVENTIONS

Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications.

The statistical data, charts, graphs, tables and information contained in “Industry Overview” in this Prospectus have been provided by Euromonitor International Limited (“Euromonitor International” or the “Industry Consultant”).

Our Group will publish our financial statements in Singapore Dollars. In this Prospectus, references to “S\$”, “Singapore Dollars” or “Singapore cents” are to the lawful currency of the Republic of Singapore. All references to dates and times are to Singapore dates and times. For your convenience, certain Malaysia Ringgit amounts have been translated into S\$ based on the exchange rate of S\$1 = RM2.444. See “Exchange Rates and Exchange Controls” for more information concerning the exchange rate between the S\$ and the RM. These translations should not be construed as representations that Singapore Dollar amounts, have been, could have been or could be, converted into Malaysia Ringgit at that or any other rate.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Unless otherwise indicated, all Singapore Dollar and Malaysia Ringgit amounts herein have been rounded to the nearest 1,000.

The information on our website, the website of the Vendor or any website directly or indirectly linked to such websites is not incorporated by reference into this Prospectus and should not be relied on.

In this Prospectus, unless the context otherwise requires, references to our “Group” refer to Courts Asia Limited and our consolidated subsidiaries taken as a whole.

In addition, unless indicated otherwise, all information in this Prospectus assumes (i) the Stabilising Manager has not exercised the Over-allotment Option; and (ii) no Offering Shares have been reallocated between the Placement and the Public Offer.

References to the “Latest Practicable Date” in this Prospectus are to 21 September 2012, being the latest practicable date prior to the lodgment of this Prospectus with the Authority.

Any reference to a time of day in this Prospectus, the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the IB websites of the relevant Participating Banks, shall be a reference to Singapore time unless otherwise stated. Any reference in this Prospectus, the Application Forms and Electronic Applications to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined in the Securities and Futures Act, the Companies Act, or any statutory modification thereof and used in this Prospectus shall, where applicable, have the meaning ascribed to it under the Securities and Futures Act, the Companies Act, or any statutory modification thereof, as the case may be.

In this Prospectus, the accompanying Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs or the relevant pages of the IB websites of the relevant Participating Banks, the definitions and explanation of technical terms found in this section and in “Defined Terms and Abbreviations” and “Glossary of Technical Terms” apply throughout where the context so admits.

CORPORATE INFORMATION

BOARD OF DIRECTORS:	Jack Hennessy (Non-Independent and Non-Executive Director and Chairman) Terence Donald O'Connor (Executive Director and Chief Executive Officer) Adnan Abdulaziz Ahmed AlBahar (Non-Independent and Non-Executive Director) Kee Kim Eng (Ms) (Executive Director and Chief Financial Officer) Chey Chor Wai (Independent Non-Executive Director) Kho Kewee (Independent Non-Executive Director)
VENDOR:	Singapore Retail Group Limited 6 th Floor, Tower A 1 Cybercity Ebene Republic of Mauritius
COMPANY SECRETARY:	Ang Siew Koon (Ms), ICSA Tricor Evatthouse Corporate Services (A business division of Tricor Singapore Pte. Ltd.) 80 Robinson Road #02-00 Singapore 068898
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS:	50 Tampines North Drive 2 Singapore 528766 Telephone number: (65) 6309 7888 Facsimile number: (65) 6784 8076
REGISTRATION NUMBER:	201001347K
SHARE REGISTRAR:	Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898
SOLE GLOBAL COORDINATOR, BOOKRUNNER, UNDERWRITER AND ISSUE MANAGER:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch 21 Collyer Quay #09-02 HSBC Building Singapore 049320
PUBLIC OFFER COORDINATOR:	UOB Kay Hian Private Limited 8 Anthony Road #01-01 Singapore 229957
AUDITOR AND REPORTING ACCOUNTANT:	PricewaterhouseCoopers LLP Public Accountants and Certified Public Accountants 8 Cross Street #17-00 PWC Building Singapore 048424
LEGAL ADVISERS TO OUR COMPANY AS TO SINGAPORE LAW:	WongPartnership LLP One George Street #20-01 Singapore 049145
LEGAL ADVISERS TO OUR COMPANY AS TO MALAYSIA LAW:	Zaid Ibrahim & Co Level 19 Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur

**LEGAL ADVISERS TO THE SOLE
GLOBAL COORDINATOR,
BOOKRUNNER, UNDERWRITER
AND ISSUE MANAGER AS TO
SINGAPORE AND UNITED STATES
FEDERAL SECURITIES LAW:**

Allen & Overy LLP
50 Collyer Quay #09-01
OUE Bayfront
Singapore 049321

PRINCIPAL BANKERS:

Malaysia

HSBC Bank Malaysia Berhad
2 Leboh Ampang
50100 Kuala Lumpur
Malaysia

HwangDBS Investment Bank Berhad
Suite 23-01
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

OCBC Bank (Malaysia) Berhad
18th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Singapore

The Hongkong and Shanghai Banking Corporation
Limited, Singapore Branch
21 Collyer Quay
HSBC Building
Singapore 049320

RECEIVING BANK:

The Hongkong and Shanghai Banking Corporation
Limited, Singapore Branch
21 Collyer Quay
HSBC Building
Singapore 049320

INDUSTRY CONSULTANT:

Euromonitor International Limited
60-61 Britton Street
London EC1M 5UX
United Kingdom

SUMMARY

This summary may not contain all of the information that may be important to you. You should read this entire Prospectus, including the financial statements and related notes of our Group and “Risk Factors”, before making an investment decision.

OVERVIEW

Our Group is one of the leading electrical products, IT products and furniture retailers in Singapore and Malaysia, having had a retail presence for more than 35 years in Singapore and more than 25 years in Malaysia. We have a broad footprint across multiple store formats in both countries with 70 stores and more than 1 million sq. ft. of retail space generating S\$724.2 million of revenue and S\$62.5 million in earnings before interest and tax in FY Mar 2012. We believe that our Group has a strong brand with broad customer reach and favourable customer perceptions. Our business model integrates retail and credit while offering a distinct value proposition for our customers. Our Group has been innovative in introducing various retail concepts, such as the Megastore ‘big-box’ concept, to Singapore and Malaysia.

We believe that the scale of our operations provides economies of scale, and together with our brand equity, we are able to negotiate terms with our suppliers and landlords that are advantageous to us. In particular, we believe that our size, reputation and long-standing relationships with our suppliers allow us to secure competitive pricing and give us better access to inventory. We also obtain other benefits such as contributions from certain suppliers towards the cost of capital expenditure on new stores for renovations, and refurbishment programmes. Such contributions are determined based on our review of trading terms with our suppliers on a yearly basis and calculated based on projected purchase volume and are also dependent on commercial negotiations between both parties. Our Group’s scale and brand also help in securing suitable locations for our stores as landlords seek us out to be a tenant of their shopping malls in Singapore.

We offer a full range of payment options for our customers, from cash and credit cards to our unique in-house credit facilities. Our in-house credit facilities are marketed under the name ‘Courts Flexi Plan’ in Singapore and ‘Courts Flexi Credit’ in Malaysia (collectively, the “Courts Flexi Schemes”). They give participating customers, who have satisfied our credit approval requirements, the option of paying for purchases by way of instalment payments over a period of up to 60 months, which is particularly attractive to our target customers due to the flexibility that we are able to provide in relation to the payment terms. Provision of the Courts Flexi Schemes, rather than outsourcing them, also enables us to fully retain the fees charged for such services. Participating customers maintain accounts under the Courts Flexi Schemes with us and are then able to make credit purchases up to pre-determined limits based on, among other factors, their monthly income. See “Business” for more details.

We believe our credit operations give us a competitive advantage over our retail competitors, which generally do not offer in-house credit and have to rely on external credit providers such as credit card companies, banks and consumer finance companies. These external credit providers may not be as flexible as we are in providing facilities to customers and the retail operations of our competitors may be affected if the credit providers decide to limit access to credit. Service charges earned through the provision of such facilities accounted for 15.4% and 16.5% of total sales for FY Mar 2011 and FY Mar 2012 respectively. As at 31 March 2012, our Group had gross trade receivables (gross trade receivables includes unearned service charges before deducting allowance for impairment of receivables) of approximately S\$157.2 million and S\$300.6 million in Singapore and Malaysia, respectively, which represents our credit exposure.

Our Group also has a customer loyalty programme, branded ‘Home Club’, which offers loyal customers benefits and privileges at our Group’s stores, including exclusive members’ sales, promotions and discounts, thereby building customer loyalty and encouraging repeat purchases.

As at 31 March 2012, our Group had more than 1.2 million Home Club members. In addition, we have over 273,000 customers under our Courts Flexi Schemes, of which approximately 83.9% of the customers in Singapore were repeat customers (being customers who have previously used our credit programme) and approximately 68.3% of the customers in Malaysia were repeat customers.

We plan to grow our business and increase profitability by improving existing store performance, growing our store footprint (particularly in Malaysia), innovating credit services, expanding online and other alternate trade channels and penetrating additional markets, such as Indonesia. While we have improved store performance (as measured by sales per sq. ft. and like-for-like sales growth¹) over the past few years, we believe that further improvement is achievable in both Singapore and Malaysia through optimising store formats, layouts and merchandise mix and by enhancing customers' shopping experience. The retail landscape in Malaysia for electrical products, IT products and furniture remains fragmented and we believe we will be able to leverage on our reputation and branding to expand our customer reach and market share there. Our Group has also identified areas in Singapore where we could potentially locate new stores.

Note:

- (1) Like-for-like sales growth for a financial year is calculated based on stores which had been operating for the entire 12 months over that particular year and the entire 12 months over the preceding year.

COMPETITIVE STRENGTHS

Our management believes that our Group is well-positioned to compete in the electrical products, IT products and furniture retail markets in Singapore and Malaysia and our key competitive strengths are:

Substantial scale and competitive cost structure with a distinct value proposition

We believe that the scale of our operations provides economies of scale, and together with our brand equity, we are able to negotiate terms with our suppliers and landlords that are advantageous to us. In particular, we believe that our size, reputation and long-standing relationships with our suppliers allow us to secure competitive pricing and give us better access to inventory. We also obtain other benefits such as contributions from certain suppliers towards the cost of capital expenditure on new stores and refurbishment programmes in existing stores. See "Business — Suppliers — Supplier relationships". Our Group's scale and brand also help in securing suitable locations for our stores as landlords seek us out to be a tenant of their shopping malls in Singapore.

In order to manage and keep our lease costs lower than our major direct competitors, we believe that selecting suitable locations is key and we seek to maintain a balance between shopping mall and non-mall locations in our store portfolio, as well as to strategically locate our stores in suburban areas. We believe this generally translates to competitive rental costs and a relatively lower fixed cost base for our Group than if all our stores were located in urban downtown areas. Based on ongoing reviews of our retail network, we have closed and continue to evaluate and close loss-making and under-performing stores, as well as refurbish older format stores.

Over the years, our Group has continually implemented productivity and cost saving initiatives. These initiatives include:

- introducing flexible compensation structures for our senior management and employees, where an element of remuneration is performance-variable, thereby lowering fixed costs;
- reducing logistics costs and rationalising headcount, for example, by outsourcing warehousing and distribution functions in Malaysia, and by increasing arrangements with manufacturers and suppliers to deliver purchases directly to customers; and

- enhancing credit approval, monitoring and collection process, especially in Malaysia, which has translated into a reduction in the amount of bad debts written off from FY Mar 2010 to FY Mar 2012 and an overall decrease in credit costs for both Singapore and Malaysia. See “Business — Credit Operations”.

In addition, our Group offers a distinct value proposition to customers — our ‘Courts Price Promise 2012’. We promise customers ‘the lowest price guaranteed which is checked daily, on the world’s top brands’. Our Courts Price Promise 2012 also promises customers a refund of double the price difference if a lower price is found for their purchase elsewhere and we are able to verify the proof provided to us. Instead of lucky draws typically offered by peers in the industry, we give customers a discount, or a free gift which can be used by customers together with their purchase. Our Courts Price Promise 2012 also includes a seven day exchange policy and offers customers the chance to participate in the Courts Flexi Schemes. This promise gives customers confidence to shop and purchase products at our stores and, we believe this has been a key driver of sales and differentiates our Group from our competitors in the minds of customers. This belief was further supported by a survey we recently commissioned which reflected a high awareness of our Group and our promotions among consumers in Singapore.

We are able to provide this promise because of our scale and focus on reducing costs. We have also expanded our consumer reach through social media and by synergising our media strategy with the negotiation of added benefits from suppliers and are able to offer greater value to our customers. See also “Business — Strategy — Expand online and other alternate trade channels and product offerings.” As noted above, our scale enables our Group to negotiate advantageous terms with suppliers and spread overheads over a large revenue base which combined with productivity and cost-reducing initiatives enable our Group to keep our promise while generating a profit.

Strong brand recognition and consumer perception arising from innovative retailing concepts

We have operated stores in Singapore for more than 35 years and in Malaysia for more than 25 years, during which we have established ourselves as one of the leading retailers of our core products in the electrical, IT and furniture segments. Our ‘Courts’ brand has also received several accolades for overall excellence in Singapore and Malaysia, including the prestigious ‘The Brand Laureate’ award in 2008 for “Best Brand in Home Furnishing & Electronics” from the Asia Pacific Brands Foundation in Malaysia. In addition, we have also received awards in recognition of our excellence in various areas, including the People Developer certification for excellence in people development in 2006, 2009 and 2010, the Singapore Service Class (S-Class) certification for excellence in customer service from SPRING Singapore, a governmental agency for enterprise development, in 2008 and 2012. We have received recognition from our customers and were HardwareZone Magazine’s Readers’ Choice for Best Consumer Electronics Megastore (Singapore) in 2012. CSL also received the 2012 Best Multi Channel Retailer award from Smart Card Awards Asia for being a retailer committed to engage consumers and for having demonstrated excellence in integrating our physical stores with online channels. Notably, CSL received the CaseTrust Gold accreditation from the Consumers Association of Singapore in February 2011, which has only been awarded to 5 companies in Singapore. CSL is the only electrical, IT and furniture retailer to be awarded the CaseTrust Gold accreditation. See “Business — Awards and Accreditations” for further details.

We believe that a key success factor that has enabled us to achieve our strong industry position in the countries in which we operate has been our innovative mindset which has led to the introduction of innovative retailing concepts. Examples of such concepts include:

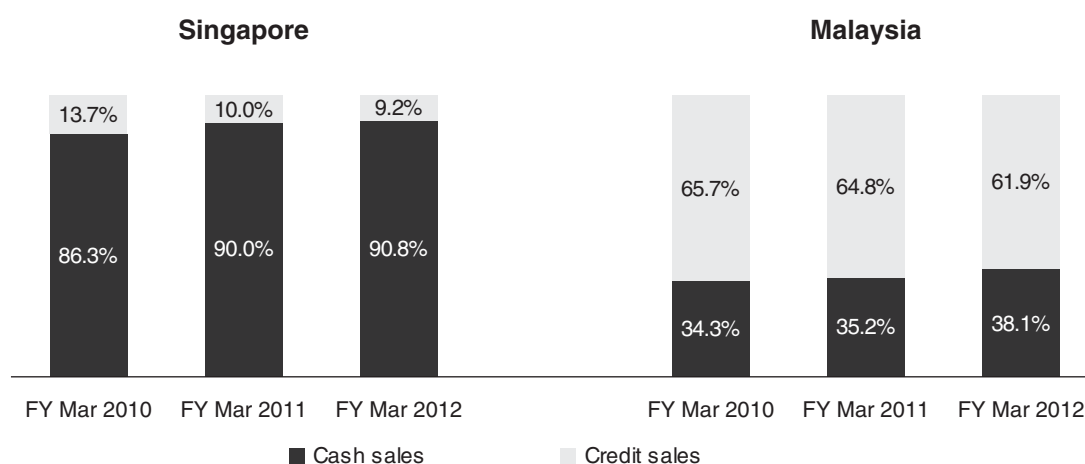
- Megastore ‘big-box’ concept for furniture, electrical and IT products;
- Customer ‘experience zones’ where customers can touch, feel, use and experience products before purchase;

- Sleep Clinic, a concept which offers customers ‘expert advice’ on choice of beds and bedding and allows for customisation of mattresses;
- Cool Zone — our in-store one-stop shop for air-conditioning needs;
- Dr Digital, which provides customers with a comprehensive IT consultation service;
- Sofa Maker that allows consumers to customise their sofas; and
- Market Hall dedicated to special promotions and exclusive offers.

While some of these concepts have since been adopted by others in the industry, we believe that these innovations keep our stores ‘fresh’, strengthen our brand and serve to attract customers. We believe that our increasing sales and store productivity may be partly attributed to the success of these concepts. Our Group will therefore continue to strive to innovate both organically and by importing and localising retailing concepts that have been successful in more developed retail markets.

Unique business model leveraging on our Group’s retail business by offering in-house credit facilities

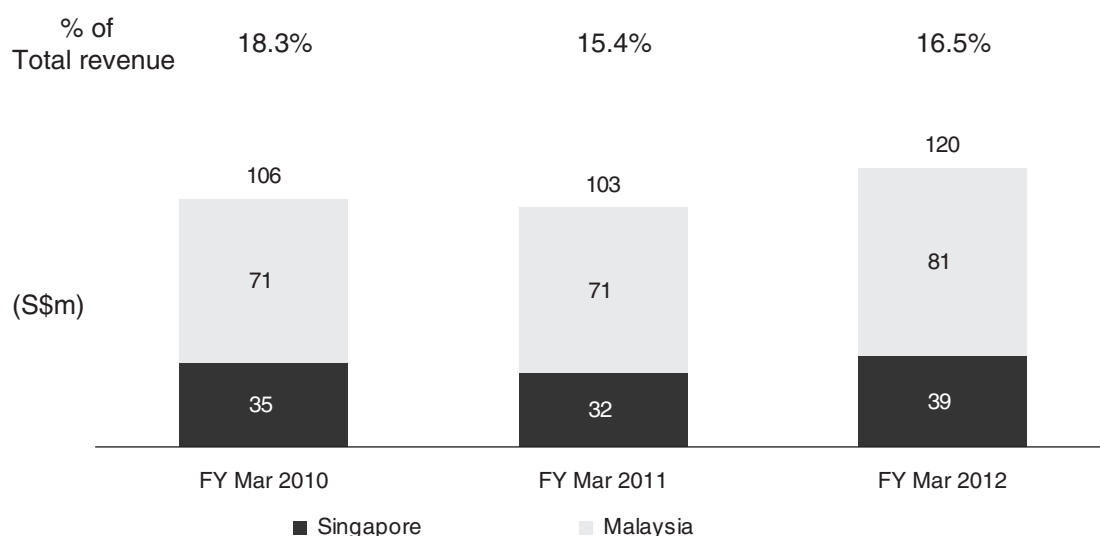
Our Group is a leading electrical products, IT products and furniture retailer in Singapore and Malaysia. While we offer a full range of payment options that includes cash and credit cards, we differentiate ourselves from our competitors and seek to maximise our sales and profitability by offering in-house credit to certain of our customers under the Courts Flexi Schemes. These schemes give participating customers, the option of paying for their purchases by way of instalment payments over a period of up to 60 months. The Courts Flexi Schemes are also particularly attractive to customers who are unwilling or unable to make full or large cash payments upfront, or are not able to secure credit from other third party credit providers, under similar terms or at all. In FY Mar 2012, 9.2% of our Group’s sales in Singapore and 61.9% of our Group’s sales in Malaysia were to customers paying through the Courts Flexi Schemes. The following table shows the breakdown of our Group’s sales into cash sales and credit sales.



We believe our credit operations give us a competitive advantage over our retail competitors, who generally do not offer in-house credit and have to rely on external credit providers such as credit card companies, banks and consumer finance companies, who may not be as flexible as we are in providing such facilities. Conversely, we have historically extended in-house credit to our customers, subject to appropriate credit checks and approvals. With this unique business model, we believe we are capable of capturing a larger customer base compared to our competitors.

In addition, by providing the Courts Flexi Schemes, rather than outsourcing them, our Group is able to fully retain the fees charged for these schemes. These fees or ‘earned service charges’ are a key source of profits for our Group which is not available to a pure retailer that does not provide

such credit schemes. For FY Mar 2012, earned service charges from the provision of in-house credit facilities represented 16.5% of our Group's sales. The following table shows earned service charges as a percentage of total sales for FY Mar 2010, FY Mar 2011 and FY Mar 2012 respectively.



Furthermore, customers who purchase products using the Courts Flexi Schemes are far more likely to obtain additional services such as extended warranties as opposed to those who purchase products using cash or credit cards. Our Group is also able to utilise the information provided by these customers for targeted marketing efforts. In summary, the Courts Flexi Schemes enable us to target a broader range of customers, providing an additional income stream of earned service charges and extended warranty fees as well as valuable information about our credit customers that we can use for targeted marketing.

Large and loyal customer base, with over 1.2 million Home Club members, encouraging repeat purchases

As at 31 March 2012, we had over 1.2 million members of 'Home Club', our loyalty programme that offers members benefits and privileges at our stores, including exclusive members' sales, promotions and discounts, thereby building customer loyalty and encouraging repeat purchases. See "Business — Sales and Marketing — Home Club Loyalty Programme" for further details on Home Club.

As at 31 March 2012, we had over 273,000 Courts Flexi Scheme customers. Once a Courts Flexi Scheme customer has completed the credit approval process and been granted a Courts Flexi Scheme facility, future purchases utilising that facility are expedited, representing a key competitive advantage in encouraging repeat purchases that helps to provide our Group with long term stable revenue streams. As at 31 March 2012, approximately 83.9% of the Courts Flexi Scheme customers in Singapore were repeat customers (being customers who have used our Group's credit programme before) and approximately 68.3% of the Courts Flexi Scheme customers in Malaysia were repeat customers.

Through this loyalty programme and also through our Courts Flexi Schemes, we are able to monitor the buying patterns and payment histories of our customers as well as match them to identifiable customer demographic data. This in turn provides us with better insight into our customers and allows us to more accurately score a customer's credit risk, which enables us to better match the Courts Flexi Schemes' terms to specific products and customers' risk profiles. We believe in the value of extensive quantitative and qualitative research in order to more accurately discern customer preferences and needs. To this end, we conduct periodic in-depth research, through direct methods such as in-store surveys of select groups of customers and questionnaires.

Market leader in a sector with barriers to entry

The electrical products, IT products and furniture retail industry in Singapore is led by large retailers, including our Group, with established stores in good locations. The scarcity of prime store locations, high start up costs, bargaining power of less established retailers and established brand loyalty of consumers to incumbent players pose significant barriers to entry for potential entrants. We believe that access to prime retail space is key to the successful development of our Group's business, and the scale of our Group's operations and market presence gives us the ability to secure properties in prime locations at competitive rates. This may pose an additional barrier to entry for potential competitors which are not able to have access to or secure prime retail space.

Our Group's long operating history in Singapore and Malaysia has yielded a comprehensive understanding of the consumer base and its preferences, which is an edge that potential entrants would not have or be able to acquire in a short timeframe. Over the years, through Home Club and Courts Flexi Schemes, we have also amassed a useful database of customer information collated from our sizeable customer base and extensive historical credit data. This information is invaluable in determining how to position our business to best cater to customers, and would be difficult to replicate, thereby acting as an additional barrier to entry for potential competitors.

Experienced and professional senior management team

We have a highly motivated and professional senior management team, some of whom have been with us for over 15 years. This senior management team was responsible for conducting the strategic review of our Group in 2007, developing the turnaround plan for our Group and successfully implementing it. The team comprises local and international senior managers with global retailing experience and knowledge of the local market.

We believe the local experience of our senior management enables us to identify store locations with favourable characteristics, to better understand local consumer buying behaviour and to run successful store promotions around the multitude of festive and national holidays unique to Singapore and Malaysia. Our senior management team continually reviews and adapts our Group's strategy in the changing local retail environment.

Our senior management team also actively implements profitability initiatives, and is committed to promoting a performance-based culture. The track record of our team can be clearly seen in the growth of our Group's business and the stark improvement in profitability since our current senior management team started running the combined Singapore and Malaysia operations in 2007.

STRATEGY

Our Group believes that our core markets of Singapore and Malaysia continue to offer attractive opportunities for growth based on the economic growth prospects in these countries and in Malaysia, its relatively fragmented retail markets for electrical products, IT products and furniture. To capitalise on these opportunities, we have developed a growth strategy with the following key elements:

Improve existing store performance

We believe that improving the sales performance of our existing stores is a key part of our growth strategy. We continually seek to improve store performance by optimising merchandise mix, space allocation and product placement in each store on a regular basis in response to developments in customer preferences, behaviours and buying patterns. Our Group collects and analyses monthly store sales data and may change product mix to focus on certain products or promote specific product categories in response to such data.

Our Group also refurbishes our stores from time to time, typically once every 3 to 4 years, to update the store format and layout. A full productivity analysis is conducted prior to refurbishment based on the store's historical sales data and the new format and layout as well as space allocation, merchandise mix and placement are then designed to improve store productivity. The store layout is also designed to enhance customers' overall shopping experience and hence increase the likelihood of them purchasing a product. On a smaller scale, our Group will continue to roll out 'consumer experience' areas where customers can 'touch and feel' the product and better experience the features and benefits of new products with the help of specially-trained employees.

Our Group's sales force is also trained to promote the latest product offerings as well as related accessories, warranties and services in order to enhance our consumers' experience and increase the productivity of the stores. In addition, the key performance indicators of our sales employees are aligned with this strategy, with sales targets set for different attachment products.

Grow store footprint

Our Group plans to grow our store network by an average of 6 stores a year in Malaysia and an average of 1 store a year in Singapore over the next 2 to 3 years and/or increase our retailing area by an average of 140,000 sq. ft. a year over the next 2 to 3 years, subject to market conditions.

In Malaysia, we perceive that the electrical and IT market is highly fragmented with no single dominant player and relatively limited market penetration outside the Klang Valley area. As such, we believe that there is significant potential for consolidation of existing retailers and expansion of our market share in key cities outside the Klang Valley area. At the same time, we have identified areas within the Klang Valley with attractive demographics (population density and growth income levels) where we may locate new stores. We are principally focused on increasing our store network in high traffic locations, specifically targeting suburban locations with high population densities and access to public transport. We have also introduced the Megastore 'big-box' concept into Kuala Lumpur and subsequently intend to bring these into our other stores in Malaysia. See "Business — Stores — Store Network — Malaysia" for details.

In Singapore, we are focused on increasing retail floor space and retail productivity at our existing stores. Our Group has entered into a lease at JEM retail mall in Jurong in order to better represent our Group in the Western region of Singapore. We have also identified other areas in Singapore with the potential to support new store openings.

The following chart reflects the number of lease agreements which we have entered into for the purposes of new store openings in the last 3 financial years and for the period commencing 1 April 2012 to the Latest Practicable Date.

Number of lease agreements entered into	Financial year ended 31 March			1 April 2012 to Latest Practicable Date
	2010	2011	2012	
Singapore.	0	2	4	1
Malaysia.	0	5	6	1
Total	0	7	10	2

In FY Mar 2011, our Company incurred capital expenditure amounting to RM8.3 million (S\$3.5 million) and S\$4.8 million for our leases for stores located in Malaysia and Singapore, respectively. In FY Mar 2012, our Company incurred capital expenditure amounting to RM14.9 million (S\$6.1 million) and S\$5.3 million for our leases for stores located in Malaysia and

Singapore, respectively. We had in FY Mar 2012, also entered into a lease agreement for a store in Singapore which we expect to open in FY Mar 2014. For the period from the Latest Practicable Date to 31 March 2013, we expect to open 1 store in Singapore and 4 additional stores in Malaysia for which we have signed letters of offer for.

The following chart shows the number of stores that our Group opened in Malaysia and Singapore from FY Mar 2008 to the Latest Practicable Date.

Number of stores opened	Financial year ended 31 March					1 April 2012 to Latest Practicable Date
	2008	2009	2010	2011	2012	
Singapore.	1	1	0	3	2	0
Malaysia.	3	2	0	6	5	3
Total	4	3	0	9	7	3

For the period commencing 1 April 2012 to the Latest Practicable Date, our Company has entered into one lease agreement and is in the process of entering into a second lease agreement (in respect of a store in Setia City Mall in Selangor and AEON Ipoh in Perak in Malaysia) and 4 letters of offer in connection with the opening of 4 new stores in Malaysia (in respect of stores in Metro Square in Petaling Jaya, Mentakab Star Mall in Mentakab, a store in Sungei Petani in Kedah and a store in Jerteh). We opened a new store in Buona Vista in Singapore on 22 September 2012. Accordingly, our Group has incurred and also expects to incur an aggregate of approximately RM5.2 million and S\$576,000 respectively in respect of these leases.

Innovate credit services

Our Group views our credit operations as integral to and synergistic with our retail operations. We intend to develop our credit operations further by introducing new credit products and initiatives over the next few years to better cater to the different needs and preferences of our customers. These innovations may include more flexible repayment terms, risk-based pricing or revolving credit options, as well as bundling of product warranties and coverage for our products with purchased credit schemes.

Our Group has also introduced new credit products to expand our customer base. These new products included 'SmartRent', a facility for customers to rent products instead of purchasing them, and 'S & E Pass Flexi Plan', a facility for foreign workers and expatriates in Singapore who may not have access to credit facilities. We believe that we are the first retailer in Singapore to offer these credit products, which are targeted at a certain segment of the Singapore population. We usually test consumers' feedback on new products and promotions in Singapore before rolling them out in Malaysia.

We intend to expand our focus to include maximising credit spending of our existing customers through targeted marketing campaigns, and developing new channels for loan applications, such as our eCourts website. We will also focus on improving our marketing efforts to encourage a wider range of existing and potential customers to participate in the Courts Flexi Schemes.

We believe that improving the appeal of these credit facilities will increase the number of customers who open and maintain credit accounts with our Group. Such increase will not only increase sales and profits but will also enable our Group to better understand consumers' purchasing and payment behaviour, which in turn will allow us to better manage our customer relationships and encourage repeat purchases by targeting consumers with tailored product offerings. See "Business — Credit Operations" for details.

Expand online and other alternate trade channels and product offerings

We launched 'eCourts' (www.courts.com.sg), our online platform in Singapore in December 2009. We believe that with eCourts, we are the only established electrical, IT or furniture retailer of scale in Singapore to offer a complete online shopping solution from browsing to encrypted payment and

delivery. In order to provide an alternative channel for our customers and pre-empt competition from online retailers, our Group re-launched eCourts in Singapore on 1 October 2012 with a targeted marketing drive to increase online traffic and sales. We believe that the re-launched eCourts will provide a value proposition for our customers, particularly with our associated credit offerings, and will help to differentiate us from our major competitors who continue to use the internet mainly as a marketing tool.

Our Group further reaches out to consumers through social media such as Facebook and Twitter. Our ability to utilise social media effectively is reflected in the responses from customers and increase in customers who come to our stores for our promotions which are only advertised through these channels.

In addition to our online platform and social media presence, we intend to expand through alternative channels such as trade shows, which allow us to showcase our product offerings to a large customer audience and raise consumer awareness of the Courts brand. Based on past experience, we also believe that trade shows are highly cash-generative, and may help to boost working capital and operating cashflows.

Besides expanding through trade channels, our Group intends to offer new products. Adjacent product categories such as office solutions and lighting could be offered in conjunction with our Group's current product portfolio, or bundled with existing products to be positioned as complete solutions. We intend to focus on products in the mobile phone space and related accessories and services as one of our new product offerings. New product categories will be carefully considered before being introduced, as they must fit with our Group's core positioning of "home and technology solutions", so as not to dilute the Courts brand.

Penetrate additional markets

In addition to the growth opportunities in Singapore and Malaysia, we believe we are well-positioned to take advantage of opportunities in the region. Apart from Singapore and Malaysia, we own intellectual property rights to 'Courts' brand and/or other brands in 15 other countries in the Asia Pacific region. See "Business — Intellectual Property". These rights provide our Group with the opportunity to enter these markets across the Asia Pacific either alone or with local partners. From time to time, our Group evaluates the countries in the region on their suitability for market entry.

In the short term, we intend to expand our retail footprint to Indonesia. We believe that Indonesia is highly attractive as it is a large fast growing but underpenetrated market which is becoming more open to modern concepts in electrical, IT and furniture products. We have signed the lease for the site for our first store and are seeking a partner to help our Group replicate our unique business model there. To date, no capital expenditure has been incurred yet in respect of our Indonesia operations as we are still in discussions with potential partners. We are targeting to open our first store in eastern Jakarta, Indonesia in 2014. In order to establish a market presence in Indonesia, our current intention is to launch Megastores formats which has retail areas exceeding 60,000 sq. ft., in the short term. In addition, we are currently in discussions with respect to other land parcels in Jakarta. Should these discussions be successful, we intend to enter into partnerships or collaborative arrangements for developers to construct and develop such land.

Barring any unforeseen circumstances, we expect our first Indonesian store to have a retail area of up to 120,000 sq. ft. We previously had operations in Indonesia prior to the Restructuring Exercise and had closed down these operations as part of the Restructuring Exercise so that the business could focus on the growth in the core markets of Singapore and Malaysia which had already achieved critical mass and presented greater potential upside. While our Indonesia business was profitable for most of PTCL's history, PTCL's total revenue accounted for less than 5% of our Group's total revenue prior to our decision to discontinue our operations in Indonesia

in 2009. Nonetheless, with the expertise and know-how acquired by our Group from the credit enhancement initiatives which we have implemented in Singapore and Malaysia subsequent to the Restructuring Exercise, we intend to assimilate such knowledge in our re-entry into the Indonesian market and introduce stronger credit and collections resources and competencies to forge a strong control, compliance and monitoring system. See “Business — Credit Operations” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview — Credit operations”. In addition, our Group is also exploring potential alliances with local partners to manage the credit operations of our proposed Indonesian venture, which our Group believes will assist to further tighten our credit and collection operations in Indonesia. We had also engaged a consultant to assess our suitability and viability of re-entry into Indonesia as well as to advise on target geographical locations within Indonesia. Pursuant to this, we intend to establish our operations in urban areas to address more adequately our target market as compared to prior to the Restructuring Exercise where our operations were established in more rural areas. Our internal audit team will continually review our internal controls and credit approval processes on an ongoing basis, once we establish the control, compliance and monitoring system in Indonesia.

COMPANY BACKGROUND

Our Company was incorporated in Singapore under the Companies Act as a private company limited by shares under the name “Courts Asia Pte. Ltd.” on 18 January 2010. On 2 October 2012, we were converted into a public limited company and changed our name to “Courts Asia Limited”. Our Company’s telephone number is (65) 6309 7888 and our facsimile number is (65) 6784 8076.

THE OFFERING

The Company	Courts Asia Limited.
The Vendor	Singapore Retail Group Limited.
The Enlarged Offering	178,000,000 Shares which consists of (i) 77,920,000 Shares for subscription and/or purchase by the Cornerstone Investors, (ii) 14,285,000 Shares for subscription and/or purchase by Terence Donald O'Connor and Kee Kim Eng, and (iii) (subject to the Over-allotment Option) 85,795,000 Shares to be offered and the Placement and Public Offer.
The Placement	The Placement comprises a placement of 76,895,000 Offering Shares offered by way of an international placement to investors, including institutional and other investors in Singapore at the Offering Price, on the terms and subject to the conditions in this Prospectus.
The Public Offer	The Public Offer comprises 8,900,000 Offering Shares offered by way of public offer in Singapore at the Offering Price, on the terms and subject to the conditions in this Prospectus.
Cornerstone Investors	Separate from the Offering, the Cornerstone Investors have each entered into Cornerstone Subscription Agreements with the Company and/or the Vendor (as applicable) to subscribe for and/or purchase an aggregate of 77,920,000 Shares at the Offering Price, conditional upon the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date. The Cornerstone Shares will in aggregate constitute approximately 13.9% of the total issued Shares as at the Listing Date. In the event that any one or more Cornerstone Investors fail to subscribe for and/or pay for the Cornerstone Shares which they have committed to subscribe and/or purchase, the Enlarged Offering may still proceed and subscribers or purchasers of the Shares will still be required to pay for and complete their subscriptions and purchases pursuant to the Offering.
The Management Subscription Tranche	Separate but concurrent to the Global Offering, Terence Donald O'Connor and Kee Kim Eng have entered into a subscription agreement (as supplemented by a supplemental letter) with our Company and the Vendor to subscribe for and/or purchase 14,285,000 Shares at the Offering Price, conditional upon the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date. The Management Shares will in aggregate constitute approximately 2.6% of the total issued Shares as at the Listing Date.

Clawback and Re-allocation	The Offering Shares may be reallocated between the Placement and the Public Offer at the discretion of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager (in consultation with us and the Vendor), subject to any applicable laws.
Offering Price	S\$0.77 for each Share. The Offering Price was determined by agreement between us, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager. See “Plan of Distribution”. Investors applying under the Public Offer are required to pay the Offering Price per Share on application. Investors in the Placement will be required to pay a brokerage fee of up to 1.0% of the Offering Price in addition to the Offering Price. Payment of the Offering Price must be in Singapore dollars.
Application Procedures in Singapore under the Public Offer	Investors in Singapore must follow the application procedures set out in Appendix K, “Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares under the Public Offer”, which constitutes part of the Prospectus registered with the Authority. Applications must be paid for in Singapore Dollars. The minimum initial application is for 1,000 Shares. An applicant may apply for a larger number of Shares in integral multiples of 1,000 Shares. Investors who are members of CPF in Singapore may, subject to the applicable CPF rules and regulations, use their CPF Funds to subscribe for and/or purchase our Offering Shares.
Over-allotment Option	In connection with the Offering, the Vendor has granted the Stabilising Manager, an Over-allotment Option exercisable in whole or in part, by the Stabilising Manager on one or more occasions from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 17,159,000 Shares, representing no more than 20% of the total Offering Shares, to undertake stabilising actions to purchase up to an aggregate of 17,159,000 Additional Shares (representing not more than 20% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any, subject to any applicable laws and regulations. See “Plan of Distribution — Over-allotment Option”.
Stabilisation	In connection with the Offering, the Stabilising Manager, (or persons acting on behalf of the Stabilising Manager) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at

levels that might not otherwise prevail in the open market. These transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. The number of Shares that the Stabilising Manager may buy to undertake stabilising action, shall not exceed an aggregate of 17,159,000 Shares representing not more than 20% of the Offering Shares. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake any stabilisation action. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager has bought on the SGX-ST, an aggregate of 17,159,000 Shares representing not more than 20% of the Offering Shares to undertake stabilising action.

Lock-ups

We have agreed with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager that, subject to certain exceptions, from the date of the Underwriting Agreement until the date falling 6 months after Listing Date, we will not, *inter alia*, without the prior written consent of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, (i) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of the Company (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of the Company), whether such transaction is to be settled by delivery of Shares or other securities of the Company, or in cash or otherwise, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of the Company, or any interest in any of the foregoing (including any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Shares or any other securities of the Company), whether such transaction is to be settled by delivery of Shares or other securities of the Company, or in cash or otherwise; (iii) enter into any transaction with the same economic effect as any transaction described in the foregoing (i) or (ii); (iv) deposit any Shares or any other securities of the Company (including any securities convertible into or exchangeable for, or which carry rights to subscribe or

purchase such Shares or any other securities of the Company) in any depository receipt facilities, or (v) offer or agree to or make any announcement with respect to any of the foregoing transactions. The foregoing restriction does not apply to any Shares issued under the Offering or pursuant to the Pre-IPO Share Appreciation Rights Plan and the Share-Based Incentive Plans.

See also “Plan of Distribution — Lock-Up Arrangements” for further information on (i) our lock-up arrangement, and (ii) the lock-up arrangements agreed between the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and each of (a) the Vendor, (b) ARG (being the Vendor’s shareholder), (c) BPEA and Topaz (each of which are shareholders of ARG) and (d) Mr Terence Donald O’Connor and Ms Kee Kim Eng.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.

**Proceeds from the Enlarged
Offering**

The net proceeds from the issue and sale of 178,000,000 Shares pursuant to the Enlarged Offering after deducting commissions and other estimated offering expenses payable in relation to the issue and/or sale of the Enlarged Offering Shares, is estimated to be approximately S\$130 million.

The net proceeds attributable to our Company (after deducting our Company’s share of the commissions and other estimated offering expenses of S\$2.4 million) is estimated to be approximately S\$43.8 million.

We expect to utilise the proceeds in the following manner:

- (a) expansion into the Indonesian market; and
- (b) general working capital.

We will not receive any of the proceeds from the sale of the Vendor Shares or from any exercise of the Over-allotment Option granted by the Vendor. The net proceeds attributable to the Vendor from the sale of the Vendor Shares (after deducting the Vendor’s share of the estimated offering expenses of S\$4.7 million) is estimated to be approximately S\$86.2 million.

See “Use of Proceeds from the Offering and Expenses”.

Listing and Trading

Prior to the Offering, there has been no market for the Shares. An application has been made to the SGX-ST for permission to list all the Shares (including the Offering Shares, the Cornerstone Shares, the

Management Shares and the Additional Shares) and the Pre-IPO Plan Shares and the Plan Shares on the Main Board of the SGX-ST. Such permission will be granted when we are admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted to deal in and for quotation for all the Shares (including the Offering Shares, the Cornerstone Shares, the Management Shares and the Additional Shares) and the Pre-IPO Plan Shares and the Plan Shares on the Main Board of the SGX-ST. We have not applied to any other exchange to list the Shares.

The Shares are expected to commence trading on a “ready” basis at 9.00 a.m. on 15 October 2012 (Singapore time). See “Indicative Timetable”.

The Shares will, upon their issue, listing and quotation on the SGX-ST, be traded in Singapore Dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited (“CDP”). Dealing in and quotation of the Shares on the SGX-ST will be in Singapore Dollars. The Shares will be traded in board lot sizes of 1,000 Shares on the SGX-ST.

Settlement	Our Company expects to receive payment for the Offering Shares on or about 14 October 2012. We and the Vendor will deliver global share certificates representing the Offering Shares to the CDP for crediting into the securities accounts of successful applicants on or about 14 October 2012.
Transfer Restrictions	The Offering Shares have not been, and will not be, registered under the U.S. Securities Act. Therefore, resales by subscribers and/or purchasers of all Shares offered under the Offering will be subject to certain transfer restrictions described in “Plan of Distribution — Distribution and Selling Restrictions”.
Dividends	Our Company does not have a fixed dividend policy. We currently intend to distribute an aggregate of approximately 30% of our Group’s current year profit after tax (excluding any exceptional and extraordinary income) for each of the period from 1 October 2012 to 31 March 2013 and for FY Mar 2014 to the Shareholders, subject to certain conditions. We expect that dividends will be paid on a semi-annual basis for the financial year ending 31 March 2013. For FY Mar 2013, our Company has declared and paid interim dividends of S\$12.6 million to SRG as our Shareholder. We do not intend to pay a further interim dividend after our Listing but intend to pay a final dividend for FY Mar 2013. See “Dividends” for further details.
Risk Factors	Prospective investors should carefully consider certain risks connected with an investment in the Shares discussed under “Risk Factors”.

INDICATIVE TIMETABLE

An indicative timetable for trading in the Shares is set out below for the reference of applicants for the Shares:

Date and time (Singapore)	Event
9.00 a.m. on 9 October 2012 . .	Opening date and time for the Public Offer.
12.00 noon on 11 October 2012	Closing date and time for the Public Offer and close of the Application List.
12 October 2012	Balloting of applications in the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants.
15 October 2012	Commence trading on a “ready” basis.
18 October 2012	Settlement date for all trades done on a “ready” basis.

The above timetable is indicative only and is subject to change at the discretion of our Company and the Vendor, with the agreement of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager. The above timetable and procedure may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement date of trading on a “ready” basis. It assumes: (i) that the closing of the Public Offer is 11 October 2012; (ii) that the date of admission of our Company to the Official List of the SGX-ST is 15 October 2012, and (iii) compliance with the SGX-ST’s shareholding spread requirements. All dates and times referred to above are Singapore dates and times.

Our Company and the Vendor, with the agreement of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, may at their discretion, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Public Offer is open.

In the event of the extension or shortening of the time period during which the Public Offer is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the “ready” listing date on the Internet (at the SGX-ST website), or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

We and the Vendor will provide details of and the results of the Public Offer through SGXNET or in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

We and the Vendor reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefore, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

Where an application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefits arising therefrom) to the applicant, at his own risk within 14 Market Days (or such shorter period as the SGX-ST may require) after the

close of the Offering (provided that such refunds are made in accordance with the procedures set out in Appendix K, "Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares under the Public Offer").

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefits arising therefrom) to the applicant, at his own risk, within 14 Market Days after the close of the Public Offer (provided that such refunds are made in accordance with the procedures set out in Appendix K, "Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares under the Public Offer").

Where the Public Offer does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefits arising therefrom) will be returned within 3 Market Days after the Public Offer is discontinued.

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the risks described below before deciding whether to invest in the Shares. The risks described below are not the only ones that our Group faces. Additional risks not presently known to our Group or that our Group currently deems immaterial may also impair our business operations. The business, financial condition, results of operations and prospects of our Group could be materially and adversely affected by any of these risks. The market price of the Shares could decline due to any of these risks and you may lose all or part of your investment in the Shares.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. The actual results of our Group's operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks our Group faces as described below and elsewhere in this Prospectus. See "Cautionary Note Regarding Forward-Looking Statements".

Before deciding to invest in the Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

Risks Relating to our Group's Business

Our Group's marketing and branding strategy may not be effective.

We spend a significant amount on advertising and marketing, amounting to approximately S\$26.3 million, S\$29.3 million and S\$28.9 million in respect of FY Mar 2010, FY Mar 2011 and FY Mar 2012 respectively, in order to attract our target customers. While our Group has an internal customer relationship management system to record, monitor and/or manage the spending patterns and needs of our existing customers, we cannot assure you that we will be able to interpret consumer preferences and demand accurately or structure our marketing and branding strategy accordingly. The success and continued growth of our Group's business is dependent on the ability of our Group to establish and maintain an effective and versatile marketing and branding strategy, which can identify and adapt quickly to changes in consumer needs, behaviour and preferences, in order to maintain and increase our customer base and to capture a bigger market share and increase our revenue. If we are unable to accurately assess or if we misjudge consumers' needs and changes in consumer behaviour and preferences, or attract negative publicity, our marketing and branding strategy, including advertising and promotional efforts, may be ineffective or may be jeopardised. This may result in a diminution in our brand reputation or value, and in turn result in loss of sales. In such an event, our profitability will be adversely affected.

We may not be able to maintain our relationships with our suppliers.

We currently enjoy relatively good relationships with our suppliers. However, we cannot assure you that these relationships can be maintained in the long term. As a result, we may not be able to leverage on our relationships to maintain the existing terms from our suppliers including rebates and joint marketing activities or exclusive dealership arrangements. If we are unable to maintain our supplier relationships, the business and profitability of our Group may be materially and adversely affected. Moreover, the range of products we are able to offer is dependent on our suppliers. In particular, certain suppliers may carry distinctive or unique products that may not be easily substituted with other products from alternative suppliers. If we are unable to secure supplies for our retail products, or if suppliers are unwilling to supply our Group with their products, it will reduce the range of products and brands which we offer our customers. In such an event, the business and profitability of our Group may be materially and adversely affected.

Our Group is subject to credit risks of our customers and competition from other credit providers.

Our Group relies on our credit operations for a substantial portion of our revenue. As at 31 March 2012, our credit exposure as represented by our gross trade receivables, was approximately S\$157.2 million and S\$300.6 million in Singapore and Malaysia respectively. The normal credit

terms offered to our customers in both Singapore and Malaysia is up to 60 months. Certain of our customers may from time to time default on their payments. As at 31 March 2012, our Group's 180-day delinquency rate, defined as gross trade receivables greater than 6 months in arrears as a percentage of gross trade receivables, was 3.2% in Singapore and 9.6% in Malaysia. Although we conduct regular reviews of our credit exposure to customers, credit risk will nevertheless arise, in particular from events and circumstances beyond our control or events which are difficult to anticipate, such as exposure to fraudulent activities, an economic downturn or deterioration in the financial condition of our customers. Further, we cannot assure you that failures or deficiencies in our credit scoring system and processes will not occur, which may lead to an increase in bad debt.

In the event of default in payment by our customers, we may have to provide for impairments of our trade receivables or write-off bad debts, depending on the period of default. Full impairment write-off occurs after a default of more than 12 months and such impairment write-off may adversely affect the profitability of our Group. Bad debts as a percentage of our Group's revenue is insignificant. We have used a period of 180 days as a prudent indicator of delinquency rate to monitor our customers' performance even though full impairment write-off occurs after a default of more than 12 months. This 180-day period is used based on our experience and understanding of our customers' behaviour. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Impairment loss on trade receivables". For FY Mar 2010, FY Mar 2011 and FY Mar 2012, our Group made provisions for impairment of trade receivables and wrote off bad debts amounting to S\$21.8 million, S\$10.7 million and S\$18.4 million, respectively.

We cannot assure you that risks of default by our customers will not increase in the future. Further, any disputes that may arise due to defaults in payment by customers will also incur time and costs in claiming for such payments and thus affect our business and profitability.

Our credit operations in Singapore may also have lost some of its competitiveness with competitors utilising increasingly convenient alternative credit channels, which allow applications to be made at post offices, via SMS, the internet or at banks. These credit providers offer certain loan products which carry lower interest rates than the service charges which we offer. If we are unable to carry out our credit operations competitively, customers may turn to these other credit providers and this may decrease our Group's revenue from service charges earned from our credit operations, which would in turn adversely affect our business, financial condition and prospects.

We may not be able to implement our business strategy successfully or manage our growth and operations effectively.

We believe our future growth and earnings largely depend on the successful implementation of our business strategy, which in turn depends on a number of external and internal factors. External factors include business, financial, and other factors beyond our Group's control, including:

- changes in consumer preferences and access to suitable products;
- availability of manpower;
- domestic and international economic conditions;
- ability of our third party warranty provider to honour the extended warranty obligations undertaken; and
- government or other legal, regulatory or policy changes.

Group-specific factors, including:

- the ability of our Group to increase retail store floor space;

- the availability of suitable locations for the opening of new stores; and
- the time taken and costs incurred in procuring such locations or additional retail floor space, or our ability to do so in a timely manner,

will also affect our Group's ability to implement our business strategy.

Should our third party extended warranty provider be unable to honour the extended warranty obligations purchased by our customers, we will be exposed to the risk of undertaking the extended warranty obligations ourselves, which may accumulatively result in an adverse effect to our financial condition and results of operations.

We are also in the process of entering the Indonesian market as part of our expansion plans. See "Business — Strategy — Penetrate additional markets". In the event that we are unable to execute our business strategies or successfully establish our planned expansion into Indonesia, our business, financial condition and results of operations could be adversely affected. In addition, as certain of these plans may require substantial capital outlay, even if we successfully implement our business strategy, this may not translate into successful results of operations. Furthermore, we may decide to alter or discontinue aspects of our business strategy and may adopt alternative or additional strategies in response to our operating environment or competitive situation or factors or events beyond our control.

We cannot assure you that we will be successful in implementing or the continual implementation of any of our business strategies and operations which will in turn affect our ability to maximise the full potential of our stores.

We may not be able to maintain our current levels of financing, which underpin our existing credit operations, or procure adequate additional financing in order to expand our retail and credit operations.

While we believe our current levels of financing are sufficient for our current credit operations, the Asset Securitisation Programme 2012 (as defined herein) will expire on 21 September 2018 or in 2017 at the option of The Hongkong and Shanghai Banking Corporation Limited, the Senior Loan Facility (as defined herein) will expire on 22 February 2017 and the HSBC Facility Agreement (as defined herein) will expire 3 years after the first draw down and while we have not breached any covenants under our various facilities, we cannot assure you that we will be able to renew our facilities on similar terms or at all, or that we will not be in breach of the covenants in our various facilities in future, respectively. In addition, under certain of our facilities, in the event that we trigger certain amortisation events, the lender may have the right to stop further draw downs under the facilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings". Our credit operations are dependent on financing and may be adversely affected if we are unable to secure financing for our credit operations on acceptable terms or at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings".

Further, in order to expand our operations, our Group may need to obtain additional financing. If we are unable to procure adequate additional financing on acceptable terms or at all, our Group will be unable to expand our operations and our business and financial results may be materially and adversely affected.

We are exposed to variations in interest rates.

The working capital requirements of our Group are financed in part by bank borrowings, namely, the Asset Securitisation Programme 2012 and the HSBC Facility Agreement in Singapore and the Senior Loan Facility in Malaysia. The borrowings under the HSBC Facility Agreement, the Senior Loan Facility and certain amounts under the Asset Securitisation Programme 2012 carry a floating

interest rate. As at 31 March 2012, we had borrowings of S\$69.1 million through the Asset Securitisation Programme 2010, S\$28.9 million through the Standard Bank Term Loan Facility and RM253.0 million (approximately S\$103.7 million) through the Senior Loan Facility. The finance expenses of our Group charged to profit and loss were S\$7.1 million, S\$10.9 million and S\$14.4 million for FY Mar 2010, FY Mar 2011 and FY Mar 2012, respectively, representing 1.3%, 1.7% and 2.1% respectively of our Group's total costs (comprising cost of sales, distribution and marketing, administrative, finance expenses, and other income or expenses) for FY Mar 2010, FY Mar 2011 and FY Mar 2012, respectively. As a result, any significant increase in interest rates on our existing bank borrowings may have a significant and adverse effect on our profitability and results of operations.

We are subject to the risks of changes in consumer sentiment, shopping habits and preferences towards the purchase of our products.

Demand for the products that we retail and/or distribute is significantly dependent on consumer preferences, shopping and spending trends, which are influenced by external factors including, among others, the state of the economy, consumers' income level and demographic profiles in our markets. These changes can have a significant impact on product sales and our Group's marketing strategies. A weak economy may in general lead to poor market sentiment, resulting in lower consumer spending. This may in turn lead to a lower demand for the products of our Group, which would adversely affect our Group's profitability. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting the Results of Operations of our Group".

Further, the electrical products, IT products and furniture retail industry is characterised by frequent changes in market trends, consumer preferences, frequent development and enhancement of existing products and introduction of new products. If we are unable to source for and offer new or enhanced products in a timely manner in response to changing market conditions or consumer requirements, or if new products which we promote or sell do not achieve market acceptance, our Group's business may be materially and adversely affected. As the above industries are characterised by rapid technological changes and rapid product obsolescence, the value of our Group's unsold inventory may decline quickly. In the event that our products are not well received, we may not be able to sell such products and our inventory may become obsolete. In such event, we may have to sell off such inventory at either a lower value or a loss, or write-off such inventory completely, and the operating profits of our Group may be adversely affected. In FY Mar 2012, we wrote off S\$0.2 million of inventory due to obsolescence.

In addition, an increasing number of consumers browse for products online. Consumers have more shopping options at their convenience and this may affect our Group's sales, notwithstanding that our Group has an online website. It is therefore important that our Group is able to offer products which appeal to our Group's target customers. If we cannot maintain the necessary expertise and capability to identify trends in consumer demand or preferences or suitable products that will appeal to our customers, the profitability and results of operations of our Group will be adversely affected.

We may not be able to procure suitable locations for new stores or additional retail floor space.

One of our growth strategies is the opening of new stores at suitable locations and increasing our gross retail floor space at our existing stores in the countries in which we operate. In particular, we believe our continued growth is dependent on our ability to open new stores at suitable locations and operate them on a profitable basis in Malaysia and Singapore. The ability to open new stores will depend on the availability of suitable sites and the ability to negotiate attractive lease terms. We cannot assure you that we will be able to open new stores on a timely basis or that we will be able to identify and procure suitable locations for such new stores at favourable

lease terms. We also cannot assure you that the opening of new stores will meet our management's intended objectives and that the new stores will not adversely affect the sales of other existing stores. In addition, our Group focuses on increasing the retail floor space at our existing store locations. In respect of our existing stores, although our Company is of the view that risk of early termination on the part of our landlord based on our relationships with them is highly unlikely, there is no assurance that we will be able to procure additional retail or new space at these existing locations at a suitable cost or at all, should such a risk occur.

In the event that we are unable to set up new stores or increase gross retail floor space, as the case may be, the growth and business of our Group may be adversely affected.

Our Group's sales are relatively higher during certain festive periods.

We generally see higher seasonal sales revenue during certain festive seasons in Singapore and Malaysia, for example, Hari Raya and Christmas, and we will typically run promotional sales during these periods. Thus, if we are unable to sell our products or offer promotions which are attractive to customers during these festive periods or if our operations during these festive periods are affected in any way, the sales revenue of our Group from these periods will fall, thereby adversely affecting the business and profitability of our Group. See also "— The business and operations of our Group may be affected by factors outside of our control".

We are dependent on key management personnel and our ability to recruit suitable and qualified employees, certain of whom belong to a trade union.

To a significant extent, the success of our Group depends upon the capabilities and efforts of our management team and our ability to hire and retain key management personnel as well as suitable and qualified employees. The ability of our Group to continue to attract, retain and motivate key personnel will have an impact on our operations. The competition for such employees is intense, and the loss of the services of one or more of these individuals without timely adequate replacements or the inability to attract new qualified personnel at a reasonable cost would have a material adverse effect on our financial performance and operations. In addition, our Group may lose business to the organisations that members of the key management of our Group may join after leaving their positions with us. Although we have entered into service agreements with certain of our key management personnel, we cannot assure you that we will be able to continue to engage their services in the future. We do not carry "key man" life insurance on any of our personnel. Further, as we expand our operations, we will need to recruit suitable and qualified personnel, and we cannot guarantee that we will be able to do so in a timely manner or at all. If we are unable to retain or recruit suitable and qualified employees, our Group's business, financial condition and results of operations may be adversely affected.

Certain of our employees in Singapore, substantially comprising the sales team and certain headquarters staff, are members of The Singapore Manual & Mercantile Workers' Union, a trade union registered under the Trade Unions Act (Chapter 333 of Singapore). From time to time, our Group enters into negotiations and collective agreements with the union relating to rates of pay, hours of work and other conditions of employment. Although the relationship and cooperation between our management and staff has always been good and there has not been any incidence of work stoppages or labour disputes, there can no assurance that a disagreement with the union, which may affect our Group's business materially and adversely, will not occur in the future.

Leases for stores may not be renewed on commercially favourable terms and we may be unable to secure our preferred premises.

All of the properties in which our stores are situated are leased from third parties, with a typical lease term of up to approximately 6 years. As such, the stability of our business operations and expansion of existing retail floor space at our stores is dependent on the continuity of such lease agreements. While our Group seeks to ensure compliance with the terms of the lease agreements,

we cannot assure you that the current lease agreements in respect of our stores will not be terminated by the respective landlords or that we will be able to continue to operate our key stores at their current locations on commercially favourable terms or at all. If the lease agreements are terminated or our Group is unable to renew these tenancy agreements on similar terms upon expiry and we are unable to find alternative suitable premises to house our stores, the performance of our Group may be adversely affected. Our inability to obtain suitable premises may result in under-representation in certain parts of Malaysia or Singapore as compared to our competitors. Even if we are able to find and lease suitable alternative premises on similar terms, relocation is time consuming and may result in loss of sales in the interim. Relocation will also incur additional costs, for example, in relation to the outfitting of new premises and transportation of goods. In addition, regular customers may have difficulty locating our outlets at the new premises, and this could have an adverse impact on the sales and financial performance of our Group. Further, we believe that, among others, an improvement in the economic conditions in Singapore and Malaysia may lead to an increase in rental costs, which our Group may not be able to pass on to our customers, thereby affecting our profitability. Please refer to Appendix F of this Prospectus for details of the key property interests of our Group in Singapore and Malaysia.

The warehousing and logistics functions of our Group in Malaysia and the delivery function of our Group in Singapore have been outsourced to or managed by third parties over which we have no control.

In Malaysia, the entire warehousing and logistics functions of our Group has been outsourced to DHL Supply Chain (Malaysia) Sdn. Bhd. (“DHL”) from June 2008. We have no control over the operations of DHL.

In Singapore, for most of our furniture range, we operate a direct delivery model. This means that the furniture manufacturer or supplier will deliver the purchases directly to the customer.

For a majority of our electrical products, we engage third party contractors, namely DHL and SCS Logistics (S) Pte. Ltd. in respect of CMB and CSL respectively, to pick the items up from our warehouse and deliver them to our customers.

Any disruptions or changes to the operations of DHL or other third parties who deliver our products to customers which affect delivery schedules to our customers, may result in cancellation of orders or adverse customer experience. This may impact future purchases and the financial condition and results of operations of our Group may be affected.

The ‘Courts’ brand and/or other brands may be used by unrelated third parties, which our Group does not have control over, in jurisdictions which our Group does not operate in.

We currently operate in Singapore and Malaysia. The ‘Courts’ brand and/or other brands may be used by unrelated third parties, which our Group does not have control over, in jurisdictions which our Group currently does not operate in. For example, the ‘Courts’ brand is used and operated in the Caribbean Islands by an unrelated third party, who is engaged in the same line of business as our Group. However, this unrelated third party is also restricted from operating in Asia. Further, while we own rights to ‘Courts’ brand and/or other brands in 15 other countries in the Asia Pacific region (some of which are in the process of renewal and registration or are up for renewal within the next 2 years), we cannot assure you that we will be able to register, renew, maintain and/or protect our rights in these jurisdictions, or that other unrelated third parties will or will not be able to use ‘Courts’ brand and/or other brands in these jurisdictions. See “Appendix F — Details of the Key Property Interests and Key Intellectual Property Rights of Our Group” for information on these brands. As such, any adverse impact on the ‘Courts’ brand and/or other brands in those jurisdictions resulting from these unrelated third parties may have an adverse impact on the perception of our Group’s branding in Singapore and Malaysia and our planned expansion into Indonesia. In the event that the adverse impact is significant, the business financial condition and operating results of our Group may be affected.

The borrowings incurred by our Group contain shareholding and other restrictive covenants.

The bank borrowings and financing agreements, including the Asset Securitisation Programme 2012 in Singapore and the Senior Loan Facility in Malaysia, to which we and our subsidiaries are parties, contain certain shareholding, operating and financial covenants. These covenants limit our ability and the ability of our subsidiaries to dispose of or create security over their assets. Our Group may, under certain circumstances, need to seek permission from lenders in order to engage in certain corporate actions including, among others, amalgamations, demergers, mergers, consolidation or corporate reconstruction. The restrictive covenants in the Senior Loan Facility also require us to meet and maintain certain asset-to-liability ratios as well as gearing ratios and also require the existing shareholders of ARG to maintain an aggregate indirect shareholding of at least 20% of the voting shares in CMB. The breach of these covenants may result in an event of default and our Group may be required to immediately repay the facility. These restrictive covenants may also affect the liquidity of the assets of our Group and limit the amount of debt our Group may incur, which may in turn affect our Group's ability to fund our working capital requirements and expand our credit operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings". In addition, this concentration of ownership could result in a delay in or prevent a change in control of our Company or otherwise discourage a potential take-over bid by potential buyers.

We are exposed to the risk of litigation.

In general, our Group is exposed to the risk of litigation by customers, employees and other persons, including the risk of being joined as third parties to litigation actions or involvement in frivolous claims. In addition, as part of the Restructuring Exercise, we have discontinued and disposed of our loss-making operations in Thailand, Indonesia and Labuan to ARG and MRG. See "Group Structure". Notwithstanding the disposal, we may be exposed to litigation action or frivolous claims in relation to our previous operations. These litigation actions and claims may be costly and time consuming, and could result in significant liabilities and reputational harm. We may need to incur significant legal, settlement and other costs in defending actions against us or if claims against us are successful, and this could materially and adversely affect the results of operations, financial condition and liquidity of our Group.

Our insurance coverage may not be sufficient.

We maintain different insurance policies in the different locations in which we operate, covering damages or loss to our properties, machinery and inventories but in the event that such damage or loss exceeds the insurance coverage procured by our Group, or is not covered by the insurance policies that we have taken up, we may be exposed to financial losses. While we maintain public and product liability insurance policies, any defects in the products sold by our Group may also result in a material and adverse customer reaction, which may result in negative publicity for our Group and incur additional time, effort and expenditure to rectify the problems and settle claims against our Group, thereby resulting in a material and adverse effect on our financial position and profitability.

We are subject to risks relating to foreign currency exchange rate fluctuations.

We operate in Singapore and Malaysia. CMB transacts with its customers and suppliers substantially in Malaysia Ringgit and not our reporting currency, the Singapore Dollar. Dividends payable by CMB to our Company will have to be converted from Malaysia Ringgit to Singapore Dollars. Other than the foreign exchange transaction risk in relation to dividends, we also face foreign exchange translation risk as CMB's reporting currency is in Malaysia Ringgit while our Group's reporting currency is in Singapore Dollars. Exchange rate gains or losses will arise when the assets and liabilities of CMB in Malaysia Ringgit are translated or exchanged into Singapore

Dollars for financial reporting or repatriation purposes. If the Malaysia Ringgit depreciates against the Singapore Dollar, this may materially and adversely affect our Group's reported financial results. See also "— A change in foreign exchange administration rules in Malaysia may impact our Group's ability to repatriate profits from CMB".

Risks Relating to the Industry and Markets in which our Group Operates

We operate in a competitive environment.

We operate in a competitive retail landscape and face competition, especially from key electrical products, IT products and furniture retailers in Singapore and Malaysia. We compete on several bases, including pricing, product and service quality and product variety. Should any of our competitors have access to greater financial resources or to a wider customer base or range of products, or be able to offer more competitive pricing, our market share, results of operations and financial condition may be adversely affected. In particular, our continued success depends on our ability to maintain price competitiveness *vis-à-vis* our competitors, which will depend on, among other things, our relative negotiating ability with our suppliers. The competitive pricing environment within which we operate may also limit our ability to pass on increases in supply costs and expenses to consumers, which may in turn materially and adversely affect our profitability and results of operations.

Adverse conditions in the global financial markets and the general economy may adversely affect the business, financial condition, results of operations and prospects of our Group.

Our results of operations and financial condition have been and may further be materially affected by conditions in financial markets and the economy in Singapore and Malaysia and elsewhere. In particular, adverse changes in the political and social conditions both regionally and worldwide, such as the economic downturn in the United States and the downgrade of the credit rating of the United States government debt obligations in August 2011, the debt crisis in Europe and the March 2011 earthquake in Japan will impinge upon the health of the global economic and/or financial system, and may affect consumer sentiment and lead to a decrease in consumer spending. The stress experienced by global financial markets that began in the second half of 2007 substantially increased in 2008 and continued to some extent in 2009. In addition, the current European financial crisis is likely to contribute to on-going uncertainty in macroeconomic conditions. Concerns over, among other things, increased unemployment, inflation, geopolitical issues and the availability and cost of credit in Singapore and Malaysia have contributed to a reduction in liquidity levels, a general decline in lending activity by financial institutions, diminished expectations for the global economy and the markets in the near term, and declining business and consumer confidence, have precipitated an economic slowdown and recessionary pressures globally. Although there are signs that the financial markets and economies in Singapore and Malaysia, and generally the global economy, may be improving, whether a full and sustainable recovery of the markets in which our Group operates, or which may affect our Group's business, will occur, and the pace of the recovery, if any, remains uncertain. Consequently, consumer sentiment and spending may remain cautious in the near term, and this may have an adverse affect on the business, financial condition, results of operations and prospects of our Group.

The business and operations of our Group may be affected by factors outside of our control.

The business and operations of our Group may be adversely affected by macroeconomic factors outside our control, such as the following:

- Unforeseeable circumstances, such as power outages, labour disputes, severe weather conditions and natural or other catastrophes may cause disruptions to our operations as well as loss or damage to our inventories, machinery, retail stores and warehouses. In particular,

the materials used in the products that we hold as inventory may be highly flammable, and thus potentially increasing the risk of a fire. Such events may cause a disruption or cessation in the operations of our Group and increase the expenditure of our Group in the replacement or repair of damaged property, and thus adversely affect our financial results.

- The business and operations of our Group may be affected by an outbreak of communicable diseases and viruses. The outbreak or resurgence of communicable diseases and viruses, such as the influenza A (H1N1) virus and avian influenza, if uncontrolled, could have an adverse effect on consumer sentiment towards retail shopping and affect the operations of the stores of our Group, which may in turn, have an adverse impact on the performance of our Group. In the event of an outbreak of communicable diseases at any of our Group's stores or offices, the relevant government authorities may require our management and employees to be quarantined and we may be required to wholly or partially suspend our operations until further notice.
- Terrorist attacks, increased hostilities, or piracy could adversely affect our performance. Terrorist attacks and other acts of violence or war around the world, and particularly (but not limited to) those involving countries in Southeast Asia, may adversely affect the regional markets and the worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and generally have an adverse effect on our business, results of operations and financial condition.

Our operations are subject to risks relating to the regulatory framework in Malaysia.

Our operations in Malaysia are subject to the applicable laws, regulations and policies. For instance, CMB's operations in Malaysia are regulated by the Ministry of Domestic Trade, Co-operative and Consumerism ("MDTCC"), in particular the Guidelines on Foreign Participation in Distributive Trade Services Malaysia ("Guidelines") which is issued by the MDTCC, and are subject to the terms and conditions as may be imposed by the MDTCC pursuant to the approvals granted in relation to CMB's operations in Malaysia, from time to time. Although there are no legal sanctions against non-compliance of the Guidelines, the Guidelines can be enforced administratively through the refusal to register any new branches as the MDTCC has the right to reject any application by business operators to open new branches where such operators have failed to comply with the Guidelines. Further, non-compliance with the Guidelines could result in practical consequences as the Guidelines are enforced indirectly through other government authorities (such as the immigration department) who may refuse to grant to companies which are not in compliance licences or permits that may be required under Malaysian law in relation to the operations of the company or in the case of the immigration department, it may refuse to issue work permits for foreign employees of the company.

CMB is also subject to, among others, the Consumer Protection Act 1999 and the Trade Descriptions Act 2011 of Malaysia, both of which are subject to the purview of the MDTCC. In addition, CMB has received notices from certain authorities in Malaysia informing CMB that certain actions need to be taken in respect of fire hazards for some of its stores and we were given 2 to 3 months to rectify the non-compliance. We are currently in the process of rectifying these instances of non-compliance. Pursuant to the relevant Malaysian regulations, the penalty in respect of non-compliance with such notices shall be a fine not exceeding RM5,000 or to imprisonment for a term not exceeding three years or to both and to a further fine of one hundred ringgit for each day during which the offence is continued after conviction. In this respect, where an offence committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary, or other similar officer of the body corporate, or any person purporting to act in any such capacity, he as well as the body corporate shall be guilty of that offence. There is no assurance that no action will be taken against us in respect of the aforementioned in future.

In addition, Malaysia has, with effect from 1 January 2009, introduced thin capitalisation legislation that disallows a deduction for interest and other financial charges which are deemed by the Malaysian tax authorities to be excessive. However, the rules or regulations pertaining to the implementation of this legislation have not been issued by the Malaysian government. Once the thin capitalisation rules are issued, it is possible that a significant portion of the interest paid by Malaysian companies which are thinly capitalised will be disallowed as a deduction leading to a significant increase in the Malaysian tax charged on these companies.

There is no assurance that any adverse development or change in the regulatory environment in Malaysia would not have an adverse impact on our ability to conduct our business in Malaysia.

Implementation of minimum wage order in Malaysia may impact our Group.

The National Wages Consultative Council Act 2011 in Malaysia established a National Wages Consultative Council ("Council") whose functions include, amongst others, advising the Malaysian government on all matters relating to minimum wages. Under the Act, the Council is empowered to have a consultation with the public on the minimum wages rates and coverage and collect and analyse data and information and conduct research on wages and socioeconomic indicators. This would be used as a basis by the Council to make a recommendation to the Malaysian government, at such time as the Minister may determine, on the national minimum wage. If the Malaysian government agrees with the recommendation, a minimum wages order will be issued whereby if the rates of the basic wages agreed in a contract of service is lower than the minimum wages rates as specified in the minimum wages order, the rates shall be substituted with any rates not lower than the minimum wages rates as specified in the minimum wages order. The Minimum Wages Order 2012 was gazetted recently whereby the minimum wage for employees in Peninsular Malaysia has been set at RM900 per month or RM4.33 per hour. For employees in Sabah, Sarawak and the Federal Territory of Labuan, the minimum wage has been set at RM800 per month or RM3.85 per hour, except for a domestic servant as defined under section 2 of the Employment Act 1955, section 2 of the Sabah Labour Ordinance and section 2 of the Sarawak Labour Ordinance, or an employee who is a probationer. The Minimum Wages Order 2012 will come into operation on 1 January 2013 for (a) an employer who employs more than 5 employees and (b) an employer who carries out a professional activity classified under the Malaysia Standard Classification of Occupations as published officially by the Ministry of Human Resources, regardless of the number of employees employed. The Order will come into operation on 1 July 2013 for an employer who employs 5 employees or less. While our Group will account for the implementation of the minimum wage order, there is no assurance that it will not adversely affect our Group.

A change in foreign exchange administration rules in Malaysia may impact our Group's ability to repatriate profits from CMB.

The current foreign exchange administration rules in Malaysia support and facilitate non-residents' investments into Malaysia. Non-residents are permitted to freely repatriate funds from divestment of assets sold in Malaysian Ringgit or profits/dividends arising from investments in Malaysia. The repatriation must however be made in a foreign currency other than the currency of Israel. If the Malaysian government were to change or otherwise tighten exchange control regulations in Malaysia, the future operations of our Group in Malaysia including our ability to repatriate profits from CMB may be adversely affected.

Risks Relating to an Investment in the Shares

We may be controlled by the Vendor, which may limit your ability to influence the outcome of decisions requiring the approval of Shareholders.

The Vendor will in aggregate own approximately 68.2% of our enlarged share capital following the completion of the Offering (subject to the Over-allotment Option). As such, the Vendor will be able to influence the outcome of any proposed ordinary resolution of Shareholders by their votes on a

poll and pass such resolution, and significantly influence our affairs and business which require Shareholders' approval. In addition, BPEA, Topaz, Standard Bank plc and DB International (Asia) Limited currently hold 32.8%, 32.8%, 25.0% and 9.4% of ARG, being the sole shareholder of the Vendor respectively. BPEA had on 26 September 2012 and 25 September 2012 respectively, entered into separate sale and purchase agreements to acquire from Standard Bank plc, inter alia, all the issued share capital of ARG held by Standard Bank plc, and to acquire from DB International (Asia) Limited, inter alia, all the issued share capital of ARG held by DB International (Asia) Limited. Upon completion of the aforesaid acquisitions from Standard Bank plc and DB International (Asia) Limited by BPEA, the shareholding of BPEA in ARG will increase from 32.8% to 67.2%. Completion, if and when it happens, of the aforesaid acquisition is expected to take place on or before the Listing Date.

In view of the aforementioned, concentration of ownership could result and cause a delay in or prevent a change in control of our Company or otherwise discourage a potential take-over bid by potential buyers. See also “— Risks Relating to our Group's Business — The borrowings incurred by our Group contain shareholding and other restrictive covenants.”

Market price of the Shares may be adversely affected by the Vendor selling or intending to sell its Shares.

Following the Offering and upon the listing of our Shares on the SGX-ST, our Shares will be tradable on the Main Board of the SGX-ST. If the Vendor (following the expiry of its lock-up arrangements or pursuant to any applicable waivers) sells or is perceived as intending to sell a substantial amount of its direct or effective interest in the Shares held as at the Listing Date, the market price for the Shares may be adversely affected. See “Plan of Distribution” and “Ownership of the Shares”.

We may invest or spend our share of the net proceeds of the Enlarged Offering in ways with which you may not agree.

We currently expect to use our share of the net proceeds of the Enlarged Offering for our expansion into the Indonesian market and for general working capital. However, our Group's current intentions may not materialise as such plans are subject to our ability to establish our operations in the Indonesian market and whether we may be successful in such ventures, as well as the outcome of our negotiations with our proposed joint venture party for purposes of establishing credit operations in Indonesia. Accordingly, the actual uses of our share of the net proceeds from the Enlarged Offering may as a result vary from current intentions as described in “Use of Proceeds from the Offering and Expenses” and we may spend our share of the net proceeds of the Enlarged Offering in ways which you may not agree. As and when the funds from the Enlarged Offering are materially disbursed, we will make periodic announcements via SGXNET on the use of the net proceeds and will provide a status report on the use thereof in our annual report, and where there is any material deviation from the stated use of proceeds, we will also announce the reasons for such deviation.

Foreign Shareholders may not be permitted to participate in future rights issues or certain other equity issues by our Company.

The Articles of Association provide that in relation to any rights issue of Shares, we may, in our absolute discretion, elect not to extend an offer of the Shares under a rights issue to those Shareholders whose addresses, as registered with CDP, are outside Singapore.

For example, we will not offer such rights to Shareholders who have a registered address in the United States unless:

- a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for our Company to offer such rights to Shareholders and sell the securities represented by such rights; or

- the offering and sale of such rights or the underlying securities to such Shareholders are exempt from registration under the provisions of the U.S. Securities Act.

We are not obliged to, nor do we have any intention to prepare or file any registration statement under the U.S. Securities Act. Accordingly, Shareholders who have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their shareholdings as a result.

The rights or entitlements to the Shares to which such Shareholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as we may determine, subject to such other terms and conditions as we may impose. The proceeds of any such sale, if successful, will be paid to the Shareholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Shareholders are less than S\$10 (or such other amount which we may from time to time determine in accordance with the applicable laws), we are entitled to retain and apply such proceeds as we may in our absolute discretion decide. The shareholding of the relevant Shareholders may be diluted as a result of such sale.

The Shares have never been publicly traded and the listing of the Shares on the Main Board of the SGX-ST may not result in an active or liquid market for the Shares.

Prior to the Offering, there has been no public market for our Shares and an active public market for the Shares may not develop or be sustained after the Offering. Our principal subsidiaries, CSL and CMB, were previously listed on the SGX-ST and the KLSE (now known as the Bursa Malaysia), respectively, and were subsequently delisted. Their past trading patterns are not reflective of the future trading pattern of the Shares on the SGX-ST. See “Business — History”. Therefore, we cannot predict the extent to which a trading market will develop or how liquid that market might become. No assurance can be given that an active trading market for the Shares will develop or, if developed, will be sustained, or that the trading price for the Shares will not decline below the Offering Price. If an active trading market is not developed or sustained, the liquidity and trading price of the Shares could be materially and adversely affected. While we have received a letter of eligibility from the SGX-ST to have the Shares listed and quoted on the SGX-ST, listing and quotation does not, however, guarantee that a trading market for the Shares will develop or, if a market does develop, the liquidity of that market for the Shares. Although we currently intend that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares.

The Offering Price of the Shares under the Enlarged Offering was determined following a book-building process by agreement between the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and our Company and may not be indicative of prices that will prevail in the trading market. You may not be able to resell your Shares at a price that is attractive to you.

The trading prices of the Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, or our customers or competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of the Shares may be caused by factors outside of the control of our Group or may be unrelated or disproportionate to the results of operations of our Group. It may be difficult to assess our performance against either domestic or international benchmarks.

Market and economic conditions may affect the market price and demand for the Shares and the market price of the Shares may decline after the Offering.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Shares. In particular, an increase in market interest rates may have an adverse impact on the market price of the Shares if the annual yield on the price paid for the Shares gives investors a lower return as compared to other investments.

Further, the market price of the Shares may be volatile and could fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- variations in our operating results;
- success or failure of our management team in implementing business and growth strategies;
- gain or loss of any important business relationship;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- the liquidity of the market for the Shares;
- differences between our actual financial operating results and those expected by investors and analysts;
- additions or departures of key personnel;
- changes in general market conditions and broad market fluctuations; and
- involvement in litigation.

These fluctuations may be exaggerated if the trading volume of the Shares is low.

We may not be able to pay dividends or the level of dividends may fall.

The income which we generate depends on, among other factors, the amount of sales and service charges received, and the level of operating expenses incurred. If insufficient income is generated, our cash flow and ability to pay dividends will be adversely affected. In addition, the bank borrowings and financing agreements entered into by our Group may contain certain restrictive covenants that restrict or limit the payment of dividends. See “— The borrowings incurred by our Group contain shareholding and other restrictive covenants.”

No assurance can be given as to our ability to pay dividends. We are a holding company and depend upon the receipt of dividends and other distributions from our subsidiaries to pay the dividends on the Shares. The ability of our subsidiaries to declare and pay dividends or other distributions will be dependent on cash available and may be restricted by applicable law or regulation. For example, our Group is subject to statutory requirements to pay dividends out of profits. Under the terms of the HSBC Facility Agreement, CSL is permitted to declare or pay any dividend or make any distribution in respect of its share capital except for months where it has not repaid any amounts due under the provisions of the HSBC Facility Agreement or if it is in subsisting default of such repayment obligations. Assetrust is restricted from making any distribution, including the declaration of dividends to its shareholders under the Asset Securitisation Programme 2012 and VLSB is restricted from paying any dividend, bonus issue and/or other distribution in respect of any of its share capital unless prior written consent under the Senior Loan Facility has been obtained. See “Dividends” for further details and a discussion of our Group’s dividend policy. There is also no assurance that the level of dividends will be maintained or will increase over time, or that the receipt of revenue in connection with additional store growth and expansion in Singapore and Malaysia will increase our Company’s income available for distribution to Shareholders.

There may be difficulties in enforcing foreign judgments against our Group or our management outside Singapore.

We are incorporated in Singapore and most of our Group's directors and management reside in Singapore. All or a substantial portion of our Group's and such persons' assets are located in or near Singapore. As a result, it may be difficult or impossible for investors to effect service of process upon us or such persons within other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

In particular, investors should be aware that judgments of the United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

Additional funds raised through issuance of new Shares for our future growth of will dilute Shareholders' equity interest.

We may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. We may require additional equity funding after the Offering and the Shareholders will face dilution of their shareholdings should we issue new Shares to finance future expansion, acquisitions, joint ventures and strategic partnerships. New Shares may be issued at a subscription price at or below the then current net asset value per Share. Where new Shares are issued at less than the net asset value per Share, the net asset value of each existing Share will be diluted.

In addition, we may from time to time issue new Shares to our Directors and employees of our Group under our Group's Share-Based Incentive Plans. If and when such Shares are issued, there may be a dilution to the Shareholders and investors in the Offering. See "Management and Corporate Governance — Share-Based Incentive Plans".

Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing a merger or acquisition, or restricting the Stabilising Manager's ability to undertake stabilisation, which could adversely affect the market price of the Shares.

The Shares are subject to the Singapore Code on Take-overs and Mergers (the "Singapore Take-Over Code"). The Singapore Take-Over Code contains provisions that may delay, deter or prevent a future take-over or change in control of our Company. Under the Singapore Take-Over Code, any person acquiring an interest, either individually or together with parties acting in concert, in 30% or more of the Shares may be required to extend a take-over offer for the remaining Shares in accordance with the Singapore Take-Over Code. A take-over offer is also required to be made if a person holding between 30% and 50% inclusive of the voting rights in our Company, either individually or in concert, acquires more than 1% of the Shares in any 6-month period. While the Singapore Take-Over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of Shareholders to benefit from a change in control and, as a result, may adversely affect the market price of the Shares and the ability to realise any potential change of control premium.

In addition, in order not to trigger the mandatory offer requirement under the Singapore Take-Over Code which may otherwise occur in connection with the lending and return of Shares pursuant to the Share Lending Agreement (as defined herein) between the Vendor and the Stabilising Manager, the Share Lending Agreement includes a right for the Vendor to recall such number of Shares which are equivalent to the Shares (if any) lent under the Share Lending Agreement by giving 7 days' prior written notice to the Stabilising Manager. In the event this right of recall is exercised by the Vendor, it is possible that the Stabilising Manager may not be able to stabilise the market price of the Shares. See "Plan of Distribution — Price Stabilisation" and "Plan of Distribution — Share Lending".

USE OF PROCEEDS FROM THE OFFERING AND EXPENSES

PROCEEDS

The net proceeds received by our Company from the Enlarged Offering, after deducting our share of the commissions and other estimated offering expenses payable in relation to the issue and/or sale of the Offering Shares, the Cornerstone Shares and the Management Shares are estimated to be approximately S\$43.8 million.

We will not receive any of the proceeds from the sale of the Vendor Shares or from any exercise of the Over-allotment Option granted by the Vendor. Assuming that the Over-allotment Option is not exercised, the net proceeds attributable to the Vendor from the sale of the Vendor Shares (after deducting its share of the commissions and other estimated offering expenses of S\$4.7 million) is estimated to be approximately S\$86.2 million. The Vendor has represented to Standard Bank plc that the proceeds from the Offering received by the Vendor will be applied towards full repayment of all amounts owing by ARG to Standard Bank plc.

We will not utilise the net proceeds received by our Company for repayment of amounts owed under the Asset Securitisation Programme 2012 or the Senior Loan Facility. We intend to use the proceeds from the Offering primarily towards our expansion into the Indonesian market. See “Business — Strategy — Penetrate additional markets” for details.

We expect the proceeds from the Enlarged Offering to be used in the following manner:

	Estimated application of net proceeds (S\$ million)	Estimated amount for each dollar raised by our Company from the Enlarged Offering (Singapore cents)	As a percentage of net proceeds received by our Company in the Enlarged Offering (%)
(a) Expansion into the Indonesian market . .	40.0	86.6	91.3
(b) General working capital	3.8	8.3	8.7
Total Net Proceeds	43.8	94.9	100

Pending the use of the net proceeds from the Enlarged Offering as aforesaid, the funds may be placed in short-term deposits with banks or financial institutions or invested in money market instruments as our Directors may deem fit. See “Risk Factors — Risks Relating to an Investment in the Shares — We may invest or spend our share of the net proceeds of the Offering in ways with which you may not agree”.

The foregoing discussion represents our Company's current estimates of our allocation of net proceeds of the Enlarged Offering based upon our current plans. Our Company expects that the timing and final amount of disbursements to be made for the foregoing purposes shall be determined by our Directors with a view to obtaining the optimum benefit for our Company. The actual disbursements may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to reallocate our net proceeds of the Enlarged Offering for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the Internet at the SGX-ST website at <http://www.sgx.com>.

There is no minimum amount which, in the reasonable opinion of our Directors, must be raised from the Enlarged Offering.

VENDOR ADDITIONAL SHARES

If the Over-allotment Option is exercised in full, the net proceeds from the sale of 17,159,000 Additional Shares and after deducting the commissions and expenses payable by the Vendor in relation to the Additional Shares, are estimated to be approximately S\$12.5 million. Our Company will not receive any proceeds from the sale of the Additional Shares.

ESTIMATED EXPENSES

The estimated expenses payable by our Company and the Vendor in connection with the Enlarged Offering (excluding those to be paid directly by the Vendor to, *inter alia*, its advisers) and the application for listing, including the underwriting and selling commission, and all other incidental expenses relating to the Enlarged Offering, are estimated to amount to approximately S\$7.1 million (assuming that the Over-allotment Option is exercised), the breakdown of which is set out below:

	Expenses (S\$ million)	As a percentage of gross proceeds of the Enlarged Offering (%)
Underwriting and selling commission	3.9	2.8
Professional and accounting fees	1.3	0.9
Printing and advertising	1.1	0.8
Other Offering-related expenses ¹	0.8	0.6
Total	7.1	5.1

Note:

- (1) These expenses include the fees payable to the SGX-ST and the Authority in connection with the Enlarged Offering and the listing of our Group on the SGX-ST.

For each Singapore Dollar of the proceeds from the Enlarged Offering, approximately S\$0.05 will be used to pay for expenses incurred in connection with the Enlarged Offering.

Subscribers for and purchasers of Shares may be required to pay brokerage or other similar fees (and if so required, such brokerage will be up to 1% of the Offering Price), any stamp duties and other similar charges in accordance with the laws and practices of the country of subscription and/or purchase (as the case may be), in addition to the Offering Price.

We and the Vendor will pay the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, as compensation for their services in connection with the Enlarged Offering, a combined underwriting and selling commission of 3.0% of the total gross proceeds of the Offering and the issue and/or sale of the Cornerstone Shares in the proportion in which the number of Offering Shares and Cornerstone Shares offered by each of our Company and the Vendor bears to the aggregate number of Offering Shares and Cornerstone Shares.

The Vendor will, if the Over-allotment Option is exercised, pay the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, as compensation for its services in connection with the offer and sale of the Additional Shares, a combined underwriting and selling commission of 3.0% of the total gross proceeds from the Additional Shares.

DIVIDENDS

Statements contained in this “Dividends” section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Group, the Vendor, the Sole Bookrunner and Sole Underwriter, or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. See “Cautionary Note Regarding Forward-looking Statements”.

Our Company has paid dividends of approximately S\$11.1 million, S\$17.1 million and S\$51.7 million for FY Mar 2010, FY Mar 2011 and FY Mar 2012 respectively, being approximately 5.6 cents, 8.5 cents and 25.9 cents per Share. Our subsidiaries, CSL and CMB, have paid dividends of approximately S\$11.1 million, S\$18.3 million and S\$45.7 million for FY Mar 2010, FY Mar 2011 and FY Mar 2012. For FY Mar 2013, our Company has declared and paid interim dividends of S\$12.6 million to SRG as our Shareholder. We do not intend to pay a further interim dividend after our Listing but intend to pay a final dividend for FY Mar 2013.

The Dividend Policy of our Company

All dividends our Company declares must be approved by an ordinary resolution of the Shareholders at a general meeting, except that the Board of Directors may declare interim dividends without the approval of the Shareholders. We are not permitted to pay dividends in excess of the amount recommended by the Board of Directors. We must pay all dividends out of our profits. In addition, we are a holding company and depend upon the receipt of dividends and other distributions from our subsidiaries to pay the dividends on the Shares. Assetrust is restricted from making any distribution, including the declaration of dividends to its shareholders under the Asset Securitisation Programme 2012 and VLSB is restricted from paying any dividend, bonus issue and/or other distribution in respect of any of its share capital unless prior written consent under the Senior Loan Facility has been obtained. However, both Assetrust and VLSB are not operational subsidiaries and as such, will not have distributable profits for the purposes of paying any dividend, bonus issue and/or other distribution. Therefore, we do not expect such restrictions on Assetrust and VLSB to impact our intentions regarding payment of dividends. See “Risk Factors — Risks Relating to our Group’s Business — The borrowings incurred by our Group contain shareholding and other restrictive covenants”, “Risk Factors — Risks Relating to an Investment in the Shares — We may not be able to pay dividends or the level of dividends may fall” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Borrowings”. Our Company does not have a fixed dividend policy. Our Company currently intends to distribute an aggregate of approximately 30% of our Group’s profit after tax (excluding any exceptional and extraordinary income) for each of the period from 1 October 2012 to 31 March 2013 and for FY Mar 2014 to the Shareholders. The timing, amount and form of future dividends, if any, will depend, among other things, on our Group’s:

- results of operations, level of cash, gearing, return on equity and retained earnings;
- expected financial performance and working capital needs;
- future prospects;
- projected capital expenditure and other investment plans; and
- restrictions on payment of dividends that may be imposed on us by any financing arrangements,

as well as general economic and business conditions in Singapore and Malaysia, other factors deemed relevant by our Directors and statutory restrictions on the payment of dividends. Though we expect that dividends will be paid on a semi-annual basis for the financial year ending 31 March 2013, we cannot assure you as to the form, amount or timing of any future dividends that will be paid (if any).

In considering dividend payments for future financial years, our Directors will take into account our Company's current desire to maintain and potentially increase dividend level, subject to our Company's objective of maximising value for Shareholders over the longer term and the factors stated above.

Payment of cash dividends, if any, will be made in Singapore Dollars to the CDP on behalf of Shareholders who maintain, either directly or through depository agents, securities accounts with the CDP.

Information relating to taxes payable on dividends is set out under the "Taxation" section in this Prospectus.

EXCHANGE RATES AND EXCHANGE CONTROLS

EXCHANGE RATES

The table below sets forth, for the periods indicated, certain information concerning the exchange rates between the Singapore Dollar and the Malaysia Ringgit (based on traded value and trading day close of 17:00 hours, Singapore time), rounded to 3 decimal places.

	Malaysia Ringgit per Singapore Dollar			
	At period end	Average	Low	High
FY Mar 2010 ¹	2.333	2.425	2.333	2.467
FY Mar 2011 ¹	2.400	2.363	2.295	2.429
FY Mar 2012 ¹	2.436	2.444	2.397	2.506
March 2012 ²	2.436	2.419	2.397	2.440
April 2012 ²	2.449	2.446	2.433	2.457
May 2012 ²	2.470	2.457	2.441	2.470
June 2012 ²	2.502	2.488	2.473	2.502
July 2012 ²	2.515	2.511	2.494	2.526
August 2012 ²	2.497	2.497	2.479	2.510

Source: Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the Securities and Futures Act, to the inclusion of the exchange rates quoted under this section and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. Our Company and the Vendor have included the above information in its proper form and context in this Prospectus and has not verified the accuracy of the above information.

Notes:

- (1) The average of the closing exchange rates on the last day of each month for the period in question, including non-trading weekdays.
- (2) The average of the closing exchange rates on each day for the period in question, including non-trading weekdays.

As at the Latest Practicable Date, the closing exchange rate was S\$1 = RM2.495.

Singapore Dollar/Malaysia Ringgit exchange rates are quoted by Bloomberg L.P. and have not been verified by us, the Vendor or the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager.

EXCHANGE CONTROLS

The discussion below is not intended to constitute a complete analysis of all exchange control consequences relating to our Group's operations or business in Singapore and Malaysia. Prospective investors in the Shares should consult their own legal advisers concerning the exchange control consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time and any change can be retroactive. These laws and regulations are also subject to various interpretations and the relevant authorities or the courts can later disagree with the explanations or conclusions set out below.

Singapore

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Company; and

- (b) the remittance of dividends, interest or other payments to non-resident holders of our securities.

Malaysia

Under the current foreign exchange administration rules in Malaysia, there is no restriction on non-residents in respect of the repatriation of funds from divestment of Ringgit assets or profits/dividends arising from investments in Malaysia but the repatriation must be made in a foreign currency other than the currency of Israel.

In respect of borrowings, a resident company is free to borrow any amount in foreign currency (other than the currency of Israel) from (i) non-resident non-bank related companies (other than those that are solely set up to obtain foreign currency credit facilities); (ii) resident related companies; (iii) licensed onshore banks; and (iv) licensed International Islamic Banks. A resident company is also free to borrow in foreign currency up to the equivalent of RM100 million in aggregate on a corporate group basis from other non-residents. For the purposes of the foreign exchange administration rules in Malaysia, a related company includes ultimate holding company, parent or head office, branches (unincorporated entities), subsidiaries (companies that are more than 50% owned by the resident company), associate companies (companies that have between 10% and 50% shareholding relationship with the resident company) and sister companies (companies that have common shareholders with the resident company). There is also no requirement to obtain Bank Negara approval for the repayment or prepayment of approved foreign currency borrowings as long as the loan obtained is within the permitted limit or specific permission from the controller have been obtained for the loan, and the repayment is made in accordance with the terms and conditions of the loan.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the cash and cash equivalents, capitalisation and indebtedness of our Group as at 26 August 2012, on an actual basis and as adjusted to reflect the net proceeds received by our Company from the Enlarged Offering after deducting our share of the estimated expenses related to the Enlarged Offering.

Except as described below, there has been no material change in our Group's capitalisation and indebtedness since 26 August 2012. The information in this table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	Unaudited	
	As at 26 August 2012	
		As adjusted for net proceeds received by our Company from the Enlarged Offering
	Actual (S\$'000)	(S\$'000)
Cash and cash equivalents	20,356	64,179
Short term borrowings — secured	76,670	76,670
Long term borrowings — secured	125,761	125,761
Total borrowings	202,431	202,431
Total Shareholders' equity	226,601	270,424
Total capitalisation and indebtedness	429,032	472,855

As at 21 September 2012, an additional amount of S\$32.7 million has been drawn down under the Asset Securitisation Programme 2012. We expect to draw down an additional amount of S\$15.0 million under the HSBC Facility Agreement on or around 1 October 2012.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings" for a description of our borrowings.

DILUTION

Dilution is the amount by which the price paid by the subscribers and/or purchasers of the Offering Shares in the Offering exceeds the net asset value per Share after the Enlarged Offering. We have determined the net asset value per Share by subtracting the total liabilities of our Company from the total book value of the assets of our Company and dividing the difference by the number of issued Shares as of the date when the book value is determined.

As at 31 March 2012, our Company's net asset value was S\$219 million and our Company's net asset value per Share was S\$0.44 based on 500,000,000 issued Shares. After giving effect to the sale of the Offering Shares offered in the Offering and the issue and/or sale of the Cornerstone Shares and the Management Shares and after payment of underwriting commissions and other estimated expenses of the Offering and issue and/or sale of the Cornerstone Shares and the Management Shares resulting in net proceeds to our Company of S\$43.8 million, but without taking into account any other changes in book value of net assets after 31 March 2012, the net asset value per Share would increase to S\$0.47 per Share. This represents an immediate dilution in net asset value per Share of S\$0.30 (or approximately 39.0%) to new investors purchasing the Shares at the Offering Price.

The following table illustrates the dilution per Share:

	S\$
Offering Price per Share	0.77
Net asset value per Share as at 31 March 2012.	0.44
Dilution per Share at the Offering Price	
Dilution in net asset value per Share to new public investors.	0.30
Dilution in net asset value per Share to new public investors (as a percentage of Offering Price)	39.0%

The following table summarises the total number of Shares held by our existing Shareholder and the total number of Shares issued by our Company in connection with the Enlarged Offering, the total consideration paid and the average price per Share paid by our existing Shareholder and the price per Share to be paid by new investors pursuant to the Enlarged Offering.

	Number of Shares	Aggregate consideration (S\$'000)	Effective cash cost per Share (Singapore cents)
Existing Shareholder			
SRG	500,000,000	221,129	0.44
Cornerstone Investors	77,920,000	59,998	0.77
Terence Donald O'Connor and Kee Kim Eng			
	14,285,000	10,999	0.77
New public investors	85,795,000	66,062	0.77

Save as disclosed above, none of our Directors, Substantial Shareholders (as defined herein) or their respective associates have acquired any Shares during the period of 3 years prior to the date of lodgment of this Prospectus.

SELECTED FINANCIAL INFORMATION

You should read the selected financial information presented below in conjunction with the Consolidated Financial Statements of our Group and the related auditor's reports contained elsewhere in this Prospectus. You should also see the section of this Prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". Our Group derived the selected financial information from the Consolidated Financial Statements of our Group as at and for FY Mar 2010, FY Mar 2011 and FY Mar 2012.

The Consolidated Financial Statements of our Group and the notes thereto, were prepared and presented in accordance with FRS. We intend to prepare and report our consolidated financial statements in accordance with FRS in subsequent periods.

CONSOLIDATED INCOME STATEMENTS

	Audited Financial year ended 31 March 2010 S\$'000	Audited Financial year ended 31 March 2011 S\$'000	Audited Financial year ended 31 March 2012 S\$'000
Sales	579,855	674,123	724,151
Cost of sales	(398,773)	(469,113)	(492,248)
Gross profit	181,082	205,010	231,903
Other income and other gains — net.	4,016	3,561	5,525
Expenses			
— Distribution and marketing	(49,584)	(59,678)	(58,810)
— Administrative	(110,416)	(108,293)	(116,081)
— Finance	(7,055)	(10,874)	(14,440)
Profit before income tax	18,043	29,726	48,097
Income tax credit/(expense)	100	2,519	(8,704)
Profit from continuing operations	18,143	32,245	39,393
Discontinued operations			
Loss from discontinued operations	(2,941)	—	—
Total profit	15,202	32,245	39,393
Basic and diluted earnings per share			
Earnings per Share for results from continuing operations attributable to equity holder of our Company (Singapore cents per Share) ¹	3.63	6.45	7.88
Losses per Share for results from discontinued operations attributable to equity holder of our Company (Singapore cents per Share) ¹	(0.59)	—	—
Earnings per Share for results from continuing operations attributable to equity holder of our Company after adjusting for the issue of the Offering Shares (Singapore cents per Share) ²	3.24	5.76	7.03
Losses per Share for results from discontinued operations attributable to equity holder of our Company after adjusting for the issue of the Offering Shares (Singapore cents per Share) ²	(0.53)	—	—

Notes:

- (1) The EPS has been computed based on the pre-Offering share capital of 500,000,000 Shares of the Company.
- (2) The EPS adjusted for the Offering is calculated based on the post-Offering share capital of 560,000,000 Shares of the Company.

CONSOLIDATED BALANCE SHEETS

	Audited as at 31 March 2010 S\$'000	Audited as at 31 March 2011 S\$'000	Audited as at 31 March 2012 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	52,565	57,857	59,174
Trade and other receivables	160,655	169,959	182,972
Inventories	57,607	59,729	66,611
Current income tax recoverable	—	629	—
	270,827	288,174	308,757
Non-current assets classified as held for sale	—	1,746	—
	270,827	289,920	308,757
Non-current assets			
Derivative financial instruments	1,200	953	305
Trade and other receivables	164,789	178,842	208,504
Property, plant and equipment	15,335	15,052	16,293
Prepaid land lease payments	890	—	—
Intangible assets	21,554	21,605	23,149
Deferred income tax assets	866	3,735	4,688
	204,634	220,187	252,939
Total assets	475,461	510,107	561,696
LIABILITIES			
Current liabilities			
Trade and other payables	111,139	124,405	126,976
Current income tax liabilities	92	3,748	4,796
Borrowings	43,872	42,997	66,499
Deferred income	3,825	2,295	3,207
	158,928	173,445	201,478
Non-current liabilities			
Derivative financial instruments	—	—	492
Trade and other payables	94	37	177
Borrowings	63,629	98,825	135,695
Deferred income	1,405	3,945	4,575
Deferred income tax liabilities	3,828	—	—
	68,956	102,807	140,939
Total liabilities	227,884	276,252	342,417
NET ASSETS	247,577	233,855	219,279
EQUITY			
Share capital	221,129	221,129	221,129
Other reserves	24,286	(4,614)	(7,659)
Retained profits	2,162	17,340	5,809
Total equity	247,577	233,855	219,279

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the results of operations and financial position of our Group should be read in conjunction with the Consolidated Financial Statements of our Group and the related auditor's reports contained elsewhere in this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. The actual results of our Group may differ significantly from those anticipated in the forward-looking statements. Factors that might cause the actual future results of our Group to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors" of this Prospectus.

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, our Group, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. See "Cautionary Note Regarding Forward-Looking Statements".

OVERVIEW

Our Group is one of the leading electrical products, IT products and furniture retailers in Singapore and Malaysia, having had a retail presence for more than 35 years in Singapore and more than 25 years in Malaysia. We have a broad footprint across multiple store formats in both countries with 70 stores and more than 1 million sq. ft. of retail space generating S\$724.2 million of revenue and S\$62.5 million in earnings before interest and tax in FY Mar 2012. We believe our Group has a strong brand with broad customer reach and favourable customer perceptions. Our business model integrates retail and credit while offering a distinct value proposition for our customers. Our Group has been innovative in introducing various retail concepts, such as the Megastore 'big-box' concept, to Singapore and Malaysia.

We believe that the scale of our operations provides economies of scale, and together with our brand equity, are able to negotiate advantageous terms with our suppliers and landlords. In particular, we believe that our size, reputation and long-standing relationships with our suppliers allow us to secure competitive pricing and give us better access to inventory. We also obtain other benefits, such as contributions from certain suppliers towards the cost of capital expenditure on new stores and refurbishment programmes. Our Group's scale and brand also help in securing suitable locations for our stores as landlords seek us out to be a tenant of their shopping malls in Singapore.

We offer a full range of flexible payment options for our customers, from cash and credit cards to our unique in-house credit facilities. These facilities are marketed under the name 'Courts Flexi Plan' in Singapore and 'Courts Flexi Credit' in Malaysia. They give participating customers, who have satisfied our credit approval requirements, the option of paying for purchases by way of instalment payments over a period of up to 60 months, which is particularly attractive to our target customers due to the flexibility that we are able to provide in relation to the terms. Provision of the Courts Flexi Schemes, rather than outsourcing it, also enables us to fully retain the fees charged for such services. Participating customers maintain accounts under the Courts Flexi Schemes with us and are then able to make credit purchases up to pre-determined limits based on, among other factors, their monthly income. See "Business" for more details.

Retail operations

We sell electrical products, IT products, furniture and other related products and in Singapore and Malaysia. Our product range includes:

- **Electrical products.** Electrical products form the largest component of our retail sales in both Singapore and Malaysia, and include the following categories: Major white goods (which

includes household electrical products such as refrigerators, washing machines and air-conditioning units), vision products (which includes TVs and video players or recorders), small appliances (such as vacuum cleaners, toasters, blenders and fans) and audio products (which includes home theatre systems, amplifiers, speakers and portable audio players).

We partner with suppliers which are able to provide favourable terms and support for its products. The electrical product brands currently carried by our Group include, among others, LG, Mitsubishi, Panasonic, Philips, Pioneer, Samsung, Sony and Toshiba.

- **IT products.** IT products form the second largest component of our retail sales in both Singapore and Malaysia, and includes the following categories: computers (which includes desktop computers, notebooks, tablets and netbooks), accessories (which includes monitors, keyboards and peripherals), photography (which includes digital cameras, camcorders and accessories) and mobile (which includes mobile phones and accessories).

The IT product brands carried by us include Acer, Apple, Canon, Compaq, Dell, Epson, Fujitsu, Hewlett-Packard, Lenovo, Samsung and Sony.

- **Furniture.** We offer furniture products such as mattresses, bedroom furniture, bedding, dining room furniture, living room furniture and home office products. Our furniture collections span a wide price range, offering customers a variety of options in each category. We currently carry a number of brands including King Koil, Lorenzo, Max Coil, Sealy, Silentnight, Simmons, Slumberland, Starry Nite, Tempur, Therapedic and Wonderland.
- **Services.** This segment primarily includes our extended warranty sales and other services. We offer our customers the option of purchasing extended warranties on our product purchases, as manufacturer warranties are typically limited to only 1 to 2 years. Credit customers, especially those with repayment terms that exceed the manufacturer's warranty period, are far more likely to obtain extended warranties than cash sale customers. When a customer purchases an extended warranty, we will obtain a back-to-back warranty from a third party, thereby transferring the risk to that third party while retaining a significant portion of the fee for the warranty.

Credit operations

Our credit operations in Singapore and Malaysia, where we provide in-house credit facilities to our retail customers, are integral to and support our retail operations. We have streamlined our credit approval process and significantly shortened the time taken for approving credit purchases to an average of 2 to 3 days. In some cases, such as for existing credit customers, approval time has been shortened to less than an hour. The streamlined credit approval process has not sacrificed credit quality as evidenced by the continued improvements in delinquency rates.

Our Group offers participating customers a range of credit facilities and the features of these facilities vary and may include longer repayment periods and repayment protection. Our credit facilities are offered in-house by us, rather than provided by an external party such as a credit card company, thereby giving us more control over the terms and marketing of our credit facilities. Over the last few years, we have invested significant time and effort in developing our credit offerings, which has resulted in the growth of our credit book and reduced delinquency rates. See "Business — Credit Operations".

SIGNIFICANT FACTORS AFFECTING THE RESULTS OF OPERATIONS OF OUR GROUP

The state of the Singapore and Malaysia economies

Our Group's business is dependent on the state of the Singapore and Malaysia economies. Our target customers are in the middle and upper-lower income segments of the population in these countries. Demand for our products depends on the size and income level of these segments,

which are in turn dependent primarily on the overall economy of these countries. As these economies grow, living standards and purchasing power increase. As a result, more consumers will have sufficient disposable income to afford our products or at least the monthly instalments for our products. In addition, as the economies grow, so do the aspirations of consumers which likewise increases demand for our products.

We believe that economic growth and higher disposable income in Singapore and Malaysia will continue to drive sales growth in our stores. Conversely, slower economic growth or slower growth in terms of disposable income may lead to slower growth in our total revenue. The state of the economy also affects consumer sentiment, which influences consumer spending and hence our retail sales. Finally, macroeconomic factors also affect the delinquency rate and level of bad debts of our Group's credit operations.

Store productivity

We seek to increase productivity by growing our sales and profit per sq. ft. of retailing space. To achieve growth in these areas, we continually seek to increase our average unit selling price, product turnover and customer traffic through various means, such as periodically changing the product offerings, product mix, floor layouts and space allocation to specific products. Product mix affects store productivity as different product categories have different profit margins and turnover volumes. For example, furniture generally has a slower turnover volume but a higher profit margin as compared to IT products.

The following table shows the sales of goods per sq. ft. of retailing space (on sale of goods¹ and weighted average retail square footage²) in our stores in Singapore and Malaysia below:

Sales of goods per sq. ft.	FY Mar 2010	FY Mar 2011	FY Mar 2012
Singapore (S\$)	913	972	1,092
Malaysia (RM)	423	479	484

The following table shows the like-for-like sales growth³ over the financial years ended 31 March 2011 and 31 March 2012. The sharp increase in CSL's like-for-like sales growth from 5.7% in respect of FY Mar 2011 to 12.1% in respect of FY Mar 2012 was the result of our Group's continual efforts to grow our business through intensive promotional activities and offerings of a wider product range. Like-for-like sales growth for CMB decreased from 12.8% in respect of FY Mar 2011 to 1.4% in respect of FY Mar 2012 as a result of decline in sales of some stores, the most significant of which is the store in Mutiara Damansara which has since been closed down. In addition, the high sales growth in FY Mar 2011 meant that sales growth in FY Mar 2012 was calculated from a higher denominator, which resulted in lower sales growth in percentage terms.

Like-for-like sales growth — sale of goods	FY Mar 2011	FY Mar 2012
Singapore.	5.7%	12.1%
Malaysia.	12.8%	1.4%

Notes:

- (1) For the purposes of computing sales per square foot, only sale of goods from stores are considered. Sale of goods derived from events held outside stores such as roadshows and tradeshow are excluded.
- (2) "Weighted average retail square footage" is based on a proportional average retail square footage for the financial period, taking into account any increment and/or reduction in retail floor space and the corresponding point in time that such increment and/or reduction occurs in the financial period.
- (3) Like-for-like sales growth for a financial year is calculated based on stores which had been operating for the entire 12 months over that particular year and the entire 12 months over the preceding year.

Expansion programme and store location

New stores add to our Group's revenue and extend our reach in each market. New stores share common expenses, such as marketing and human resources, with our Group's existing stores and so we benefit from economies of scale. A new store typically becomes profitable within a year. We also monitor under-performing stores and are constantly looking for new or better locations for stores. When appropriate, we will close an under-performing store or relocate it to a better location.

The following table shows the number of stores operated by our Group as at each of the dates shown and the number of stores opened and closed during the 12-month period immediately preceding those dates:

Singapore	31 Mar 2010	31 Mar 2011	31 Mar 2012
Total stores operated.	9	11	13
New stores opened in preceding 12 months.	0	3	2
Stores closed in preceding 12 months.	1	1	0
Malaysia			
Total stores operated.	46	52	55
New stores opened in preceding 12 months.	0	6	5
Stores closed in preceding 12 months.	4	0	2

The location of a store has a direct impact on its sales. In particular, factors such as the proximity of the store to public transport infrastructure as well as the volume of customer traffic affect the profile and prominence of the store, and directly impact the ability of the store to capture market share.

Technological trends

Our Group's product sales are highly dependent on product innovation and development of new products, particularly in the electrical product and IT product segments. Technological improvements, changes and trends bring about increased sales for electrical products and IT products as consumers upgrade to newer, more advanced products, for example, by upgrading to higher definition LCD and LED TVs. Consumers also upgrade to keep abreast of and be compatible with the current state of technology, for example, by upgrading to the latest operating systems or new mobile smartphones compatible with the latest cellular network upgrades.

Pricing

The pricing strategy adopted by our Group, which determines the way we manage and apply discounts offered on our products, is another factor which affects our results of operations. For example, we may engage in competitive pricing with other retailers, by offering discounts on product prices, or we may choose to protect our profit margins by offering non-price benefits and promotional bundles. Our 'Courts Price Promise' helps us to ensure our prices are competitive vis-a-vis our competitors. See "Business — Competitive Strengths — Substantial scale and competitive cost structure with a distinct value proposition" for details on the 'Courts Price Promise'. On the other hand, the retail prices of electrical and IT products may be fixed or restricted by suppliers.

The service charges for our credit facilities are dependent on and determined by reference to what banks and other consumer credit providers, such as GE Money, are offering, as well as the relative cost of funds to us.

Competition

We operate in a competitive retail landscape and face competition, especially from large electrical products, IT products and furniture retailers in Singapore and Malaysia. We believe that the principal competitive factors for the electrical products, IT products and furniture retailing industry

include competitive pricing, product and service quality and product variety. Our actions to maintain our competitiveness as well as our competitors' actions will affect results of operations. See "Business — Competition" for further details.

Supplier relationships

Our relationship with our suppliers is a factor affecting the cost of products sold by us, as suppliers have the discretion to grant certain concessions, such as discounts and rebates. Suppliers may also contribute towards the cost of our new stores or store refurbishments, as well as for retail or promotional events conducted by us, which will reduce our cost for such activities. Our Group's supplier relationships may also have an impact on our ability to decide on product pricing, which will affect our price competitiveness and ability to pass pricing changes to our retail customers.

Cash and credit mix

Shifts in the mix between cash sales and credit sales affect our results of operations because credit sales, which include service charges, generate significantly higher margins than cash sales. Furthermore, customers are more inclined to obtain extended warranties for their credit purchases than cash purchases. Hence, our extended warranty and other services sales are directly affected by the level of credit sales as are its earned service charges.

We believe that our ability to offer credit facilities to customers in the midst of a constrained credit environment has a favourable impact on our business. For example, during the recent economic downturn, banks and consumer finance companies tended to limit access to credit, but we continued to increase our credit sales through extending in-house credit to customers, subject to appropriate credit checks and approvals, thereby giving our Group a competitive edge over other electrical products, IT products and furniture retailers. The availability of alternative credit may therefore have an impact on the results of our Group's operations.

Availability of financing

Our Group's credit facilities are primarily funded by the Asset Securitisation Programme 2012 in Singapore and the Senior Loan Facility in Malaysia. In Singapore and Malaysia, the growth of the credit operations, and hence their ability to support our product sales, is dependent on the continuation, expansion and/or renewal of the Asset Securitisation Programme 2012 and the Senior Loan Facility. See "— Borrowings" for more details.

Ability to control expenses

We seek to control expenses by negotiating advantageous terms with suppliers and by reducing overhead, general and administrative, distribution and marketing expenses. In general, certain expenses, such as wages, have historically increased and are expected to continue to do so. We intend to manage these increases by improving our productivity and by reaping economies of scale by opening new stores.

CRITICAL ACCOUNTING POLICIES

In preparing these financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate the estimates, including those related to goodwill and intangible assets, revenue recognition, accounts receivable and impairment loss on trade receivables. We base our estimates on historical experience and on various assumptions that we believe to be reasonable when such assumptions are made, the results of which form its basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our results of operations may differ if prepared under different assumptions or conditions.

We believe the following principal accounting policies affect the more significant judgments and estimates used in the preparation of our Group's consolidated financial statements.

Intangible assets

Determining whether trademarks are impaired requires either a valuation of the trademarks by a professional valuer or an estimate of the value-in-use of our Group's cash-generating units to which the trademarks have been allocated. Professional valuations and value-in-use calculations require an estimate of future cash flows and a suitable discount rate in order to calculate present value. As the exercise is based on both prospective financial and prospective non-financial information, it requires judgment and is subjective in nature. Accordingly, actual outcome can be different from the forecast since anticipated events frequently do not occur as expected and the variations may be material. A change in any of the key variables underlying the cash flow forecast could have a significant impact on the professional valuation and/or the value-in-use calculation. The recoverable amounts of the trademarks were determined based on its fair value less cost to sell determined by a professional valuer which did not result in the recognition of an impairment loss at 31 March 2011 and 2012. A reasonable change in the estimates used in the valuation will not cause carrying amounts of the trademarks to exceed its recoverable amounts.

Impairment loss on trade receivables

Trade receivables arising from credit operations are recognised initially at fair value and subsequently carried at each balance sheet date at amortised cost using the effective interest method in accordance with *FRS 39 Financial Instruments: Recognition and Measurement*, less accumulated impairment losses. In addition, trade receivables are recorded net of unearned service charges. We review our trade receivables at least quarterly and allowance for impairment is established when there is objective evidence of impairment. Since our Group has a diversified customer base with a large number of individuals, for purpose of collective evaluation of impairments, receivables are grouped on similar credit characteristics. Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. In determining this, we use estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

Impairment loss on inventory obsolescence

We assess inventory at each balance sheet date to determine that inventory is stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses. If we determine that obsolescence has to be made, the obsolescence allowance will be charged to the income statement.

OVERVIEW OF CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP

For the purposes of conversion of Malaysia Ringgit to Singapore Dollars in the Consolidated Income Statements of our Group for FY Mar 2010, FY Mar 2011 and FY Mar 2012, the following currency exchange rates were used: S\$1:RM2.426 for FY Mar 2010, S\$1:RM2.364 for FY Mar 2011 and S\$1:RM2.444 for FY Mar 2012. For the purposes of conversion of Malaysia Ringgit to Singapore Dollars in the Consolidated Balance Sheets of our Group as at 31 March 2010, 31 March 2011 and 31 March 2012, the following currency exchange rates were used: S\$1:RM2.333 for 31 Mar 2010, S\$1:RM2.401 for 31 Mar 2011 and S\$1:RM2.438 for 31 Mar 2012.

The following discussion and analysis with respect to FY Mar 2010, FY Mar 2011 and FY Mar 2012, respectively, is based solely upon and should be read with the Consolidated Financial Statements of our Group for such periods, including the related notes thereto, included elsewhere in this Prospectus.

PRINCIPAL COMPONENTS OF REVENUE AND EXPENSES

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our sales and expenses, for the periods indicated.

	Audited Financial year ended 31 March		
	2010 S\$'000	2011 S\$'000	2012 S\$'000
Sales:			
— Sale of goods	473,476	570,528	604,546
— Earned service charges	106,379	103,595	119,605
	579,855	674,123	724,151
Cost of sales	(398,773)	(469,113)	(492,248)
Gross profit	181,082	205,010	231,903
Other income and other gains — net.	4,016	3,561	5,525
Expenses			
— Distribution and marketing	(49,584)	(59,678)	(58,810)
— Administrative	(110,416)	(108,293)	(116,081)
— Finance	(7,055)	(10,874)	(14,440)
Profit before income tax	18,043	29,726	48,097
Income tax credit/(expense)	100	2,519	(8,704)
Profit from continuing operations	18,143	32,245	39,393
Discontinued operations			
Loss from discontinued operations	(2,941)	—	—
Total profit	15,202	32,245	39,393

Sale of goods

The tables below set forth our sale of goods by product mix and cash-credit mix, for the periods indicated.

Sale of goods by product mix

We derive revenue from our retail business which can be broadly segmented into four major product categories, namely electrical products, IT products, furniture and services. ‘Services’ includes warranty sales and other services. See “Business — Product Range”.

	Audited Financial year ended 31 March		
	2010 S\$'000	2011 S\$'000	2012 S\$'000
Singapore:			
— Electrical products.	159,350	178,119	187,101
— IT products.	110,054	142,678	158,054
— Furniture	61,757	79,868	83,809
— Services.	21,921	20,933	20,186
Sale of goods — Singapore	353,082	421,598	449,150

Audited			
Financial year ended 31 March			
	2010	2011	2012
	S\$'000	S\$'000	S\$'000
Malaysia:			
— Electrical products.	58,621	71,603	70,400
— IT products.	21,882	28,829	37,230
— Furniture	28,910	34,316	32,966
— Services.	10,981	14,182	14,800
Sale of goods — Malaysia	120,394	148,930	155,396
Total sale of goods	473,476	570,528	604,546

Sale of goods by cash-credit mix

Revenue from consumer credit business

Our in-house consumer credit business is an integral part of our Group's business model and complements our retail business. When a customer makes a purchase using our in-house consumer credit facility, repayment is made in instalments over the term of the facility. For the purpose of revenue recognition, each instalment is divided into (1) repayment of principal and (2) a service charge for the provision of the credit facility. Service charge forms part of our Group's revenue from the consumer credit business.

Cash-credit mix

Sale of goods — cash form a large portion of revenue, accounting for an average of 89.2% of the Sale of goods — Singapore, and an average of 36.0% of Sale of goods — Malaysia, during the 3 years under review.

Sale of goods — credit account for an average of 10.8% of Sale of goods — Singapore, and an average of 64.0% of Sale of goods — Malaysia, during the periods under review.

Earned Service Charge

When a customer makes a purchase using our in-house credit facility, there is a service charge where repayment is made in instalments over the term of the facility. For the purpose of revenue recognition, each instalment is divided into (1) repayment of principal and (2) a service charge for the provision of the credit facility. The service charge also includes additional fees when the customer chooses a plan with instalments waiver plan in case of unforeseen incident, such as, unemployment, hospitalisation or death. These additional fees are recognised as revenue at the same time as the sale of the goods.

Earned service charge in any particular period is derived from service charges arising from credit sales in the period, after subtracting any unearned service charges arising from current period's credit sales deferred to future periods and adding prior periods' unearned service charges now recognised as earned. Service charge relating to future periods is calculated using the effective interest rate method and transferred to the unearned service charge account to ensure that profit and loss reflects only service charge earned for that period.

'Service charges arising from current year sale of goods — credit' includes the service charges arising from credit purchases by customers under the credit schemes. See "— Principal Components of Revenue and Expenses — Financial year ended 31 March 2012 compared to financial year ended 31 March 2011 — Service charges".

'Transfers (from)/to unearned service charge' is the net of unearned service charges arising from current financial period's credit sales deferred to future financial periods and prior financial periods' unearned service charges now recognised as earned.

When a customer makes a purchase using our in-house credit facility, service charge relating to future periods is calculated using the effective interest rate method and transferred to the unearned service charge account to ensure that profit and loss reflects only service charge earned for that period. In other words, the difference between the gross receivables and the present value of the receivables is recognised as unearned service charges. In our balance sheet, unearned service charges are presented as a deduction against the trade and other receivables account.

Unearned service charges on credit sales are recognised as earned over the instalment period on a constant periodic rate of return. These would then be recognised as revenue and deducted from the unearned service charge account.

	Audited Financial year ended 31 March		
	2010	2011	2012
	S\$'000	S\$'000	S\$'000
Singapore:			
Sale of goods — cash	304,587	379,491	407,819
Sale of goods — credit	48,495	42,107	41,331
Total sale of goods	353,082	421,598	449,150
Service charges arising from current year sale of goods — credit	36,579	33,631	37,744
Transfer from/(to) unearned service charges	(970)	(1,271)	1,309
Earned service charges	35,609	32,360	39,053
Total Net Sales	388,691	453,958	488,203
Malaysia:			
Sale of goods — cash	41,284	52,469	59,257
Sale of goods — credit	79,110	96,461	96,139
Total sale of goods	120,394	148,930	155,396
Service charges arising from current year sale of goods — credit	71,308	79,073	85,771
Transfer from/(to) unearned service charges	(538)	(7,838)	(5,219)
Earned service charges	70,770	71,235	80,552
Total Net Sales	191,164	220,165	235,948
Sales	579,855	674,123	724,151

Other income and other gains — net

Other income and other gains — net principally consists of administrative, late payment charges earned from overdue credit account, service fees receivable from ultimate holding corporation and fair value loss of derivative financial instruments (such as interest rate swaps and interest rate caps used to hedge against interest rate fluctuation) as well as interest income from bank deposits, profit and loss on disposal of assets and other sundry income.

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our other income and other gains — net, for the periods indicated.

	Audited Financial year ended 31 March		
	2010 S\$'000	2011 S\$'000	2012 S\$'000
Other income and other gains — net.	4,016	3,561	5,525

Expenses

Expenses principally consist of cost of sales, distribution and marketing expenses, administrative expenses, finance expenses and income tax expense. The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our Group's expenses, for the periods indicated.

	Audited Financial year ended 31 March		
	2010 S\$'000	2011 S\$'000	2012 S\$'000
Cost of sales	(398,773)	(469,113)	(492,248)
Expenses			
— Distribution and marketing	(49,584)	(59,678)	(58,810)
— Administrative	(110,416)	(108,293)	(116,081)
— Finance	(7,055)	(10,874)	(14,440)
Income tax credit/(expense)	100	2,519	(8,704)

Cost of sales

Cost of sales mainly comprise of merchandise cost of sales, installation costs, warranty underwriting costs and insurance costs relating to consumer credit schemes.

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our cost of sales, for the periods indicated.

	Audited Financial year ended 31 March		
	2010 S\$'000	2011 S\$'000	2012 S\$'000
Cost of sales	(398,773)	(469,113)	(492,248)

Gross Profit

Gross profit is derived from sales less cost of sales.

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our gross profit as a percentage of the sales, for the periods indicated.

	Audited Financial year ended 31 March					
	2010		2011		2012	
	S\$'000	% of sales¹	S\$'000	% of sales¹	S\$'000	% of sales¹
Singapore:						
Gross Profit	83,589	21.5	95,192	21.0	112,705	23.1
Malaysia:						
Gross Profit	97,493	51.0	109,818	49.9	119,198	50.5
Total Gross Profit	181,082	31.2	205,010	30.4	231,903	32.0

Note:

(1) Calculated based on the total sales of the respective country.

Distribution and marketing expenses

Distribution expenses consist of delivery and distribution costs for inventory and warehouse operational expenses. In Singapore, our Group operates under a direct delivery model for most of our furniture sales, where items are delivered directly to our customer from our suppliers' premises. See "Business — Supply Chain and Inventory Management".

Marketing expenses comprise advertising costs for promoting products and services such as TV media advertisement, mailer production and distribution costs, retainer fees for public relation firms and others, net of rebates provided by suppliers for advertising and marketing support.

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our distribution and marketing expenses, for the periods indicated.

	Financial year ended 31 March		
	2010 S\$'000	2011 S\$'000	2012 S\$'000
Distribution and marketing expenses	(49,584)	(59,678)	(58,810)

Administrative expenses

Administrative expenses primarily consist of salaries and wages, impairment loss on trade receivables, rental on operating leases, depreciation on property, plant and equipment, amortisation on intangible assets which comprise mainly our computer software and point of sales system, professional fees, retail store operating costs and other administrative expenses.

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth key components comprising our Group's administrative expenses, for the periods indicated.

	Audited Financial year ended 31 March		
	2010	2011	2012
	S\$'000	S\$'000	S\$'000
Salaries & wages	(21,895)	(30,908)	(26,882)
Rental on operating lease	(31,485)	(34,282)	(35,654)
Impairment loss on trade receivables	(21,825)	(10,723)	(18,446)
Depreciation and amortisation of assets	(6,138)	(5,006)	(4,926)

Finance expenses

Finance expenses consist mainly of interest charges on funding obtained from past borrowings and the Asset Securitisation Programme 2010 in Singapore and Senior Loan Facility in Malaysia.

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our finance expenses, for the periods indicated.

	Audited Financial year ended 31 March		
	2010	2011	2012
	S\$'000	S\$'000	S\$'000
Finance expenses	(7,055)	(10,874)	(14,440)

Income tax expense

The table below has been derived from the Consolidated Financial Statements of our Group, and sets forth our income tax expense and credit for the indicated periods.

	Audited Financial year ended 31 March		
	2010	2011	2012
	S\$'000	S\$'000	S\$'000
Income tax credit/(expense)	100	2,519	(8,704)

We were subject to corporate income tax in Singapore at a tax rate of 17% for the years ended 31 March 2010, 2011 and 2012 respectively. We were subject to corporate income tax in Malaysia at a tax rate of 25% for the years ended 31 March 2010, 2011 and 2012 respectively.

Deferred income tax is calculated for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements except when the deferred income tax arises from the initial recognition of goodwill or 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 transaction.

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Financial year ended 31 March 2012 compared to financial year ended 31 March 2011

Sales

Sale of goods

Singapore

Total sale of goods in Singapore increased by S\$27.6 million, or 6.5%, from S\$421.6 million in FY Mar 2011 to S\$449.2 million in FY Mar 2012. Like-for-like sales, calculated based on stores which had been operating for the entire 12 months over each of the past 2 financial years, increased by 12.1% as a result of our continual effort to grow the business through intensive promotional activities and wider product range. The full year operation of our Orchard and Nex Mall stores also contributed an increase in sales of S\$13.6 million. The increase was partially offset by the closure of our Bukit Timah store in March 2011 upon the expiration of our lease. During the last quarter of the financial year, we re-opened an outlet in the Bukit Timah area with a smaller retail space and new concept, namely, "Courts 2.0". We further opened another store at the Clementi area in January 2012.

Electrical product sales increased from S\$178.1 million in FY Mar 2011 to S\$187.1 million in FY Mar 2012. Over the past 12 months the shift in consumer preferences from LCD television screens to LED television screens continued. This shift, coupled with the migration of consumers' preferences to larger television screen sizes and the introduction of Smart TVs resulted in an increase in vision product sales. Aside from vision products, we also saw sales growth in both air conditioning and hot beverage makers, for example, coffee machines.

Our IT products sales saw an increase from S\$142.7 million in FY Mar 2011 to S\$158.1 million in FY Mar 2012 driven mainly by an increase in tablet demand which arose as a result of changing consumer preferences.

Furniture sales increased from S\$79.9 million in FY Mar 2011 to S\$83.8 million in FY Mar 2012, due to continuous growth in our "Sleep Clinic" product range and the introduction of additional international brands.

Sale of services decreased from S\$20.9 million in FY Mar 2011 to S\$20.2 million in FY Mar 2012 as a result of lower warranty sales due to a decrease in credit sales in Singapore.

Malaysia

Total sale of goods in Malaysia saw an overall increase by RM27.7 million (S\$6.5 million), or 7.9%, from RM352.1 million (S\$148.9 million) in FY Mar 2011 to RM379.8 million (S\$155.4 million) in FY Mar 2012. This increase arose primarily from initiatives in product portfolio refinement, stores expansion and relocation, innovative and creative marketing offers in both cash and credit markets. The increase in sale of goods was also attributable to the opening of 5 new stores in FY Mar 2012, partly offset by the closure of our Mutiara Damasara Megastore.

Electrical product sales increased from RM169.3 million in FY Mar 2011 to RM172.1 million in FY Mar 2012. However, this translated into a decrease from S\$71.6 million in FY Mar 2011 to S\$70.4 million in FY Mar 2012 in Singapore Dollars due mainly to the foreign exchange translation differences as a result of the appreciation of the Singapore Dollar against Malaysia Ringgit. The increase in electrical product sales arose mainly from an increase in major white goods sales as a result of the the Company's focus to grow this category of products, via various marketing and promotional activities.

Our IT product sales increased from RM68.1 million (S\$28.8 million) in FY Mar 2011 to RM91.0 million (S\$37.2 million) in FY Mar 2012. This increase came from greater sales of mobile phones, with the higher demand for smart phones, tablets, PCs, notebooks and digital cameras including DSLR cameras, as we increased the variety of our products with a larger range of brands and models.

Furniture sales decreased from RM81.1 million (S\$34.3 million) in FY Mar 2011 to RM80.6 million (S\$33.0 million) in FY Mar 2012. The marginal decrease in furniture sales of RM0.5 million (S\$1.3 million) or 0.6% came mainly from the decrease in our dining and bedding sub-categories, which was partially offset by increases in sales of lounge and bedroom furniture products.

Sale of services increased from RM33.5 million (S\$14.2 million) in FY Mar 2011 to RM36.2 million (S\$14.8 million) in FY Mar 2012 due to higher warranty sales resulting from higher sales of extended electrical warranties.

Service Charges

Despite a decrease in Sales of goods — credit in Singapore, service charges arising from the current year increased by S\$4.1 million from S\$33.6 million in FY Mar 2011 to S\$37.7 million in FY Mar 2012 due to an increase in credit purchases by customers under credit schemes with longer repayment periods and additional benefits which comprise only of repayment protection resulting in higher service charge rates.

In Malaysia, service charges arising from current year Sales of goods — credit increased by RM22.8 million (S\$6.7 million) from RM186.9 million (S\$79.1 million) in FY Mar 2011 to RM209.7 million (S\$85.8 million) in FY Mar 2012. This was directly attributable to the increase in credit sales which arose as a result of increase in credit purchases by customers under credit schemes with (i) longer repayment periods and (ii) additional benefits which comprise only of repayment protection resulting in higher service charge rates. Earned service charges increased by RM28.5 million (S\$9.4 million) from RM168.4 million (S\$71.2 million) in FY Mar 2011 to RM196.9 million (S\$80.6 million) in FY Mar 2012 due to lower unearned service charges arising from current year. Sale of goods — credit deferred to future periods as the rate of increase in credit sales grew at a slower pace.

In Singapore, the credit mix decreased from 10.0% in FY Mar 2011 to 9.2% in FY March 2012 due mainly to tradeshows which promoted cash sales.

In Malaysia, the credit mix decreased from 64.8% in FY Mar 2011 to 61.9% in FY Mar 2012 as a result of our strategy to increase our presence in under-penetrated regions, such as the Klang Valley, which generally attracts more cash sales. Our events and trade shows which are skewed towards cash sales also contributed to the decrease in the credit sales mix.

Cost of sales

Cost of sales increased by S\$23.1 million, or 4.9%, from S\$469.1 million in FY Mar 2011 to S\$492.2 million in FY Mar 2012 due largely to an increase in total sale of goods.

Gross profit

Gross profit increased by S\$26.9 million, or 13.1%, from S\$205.0 million in FY Mar 2011 to S\$231.9 million in FY Mar 2012. Our gross profit margin was 32.0% in FY Mar 2012 as compared to 30.4% in FY Mar 2011. The increase was mainly due to higher earned service charges, which have higher gross margins as compared to sale of goods.

Other income and other gains — net

Other income and other gains — net increased by S\$1.9 million, or 52.8%, from S\$3.6 million in FY Mar 2011 to S\$5.5 million in FY Mar 2012 due mainly to service fees receivables from the Company and a gain on the disposal of our property in Johor Bahru which amounted to S\$1.1 million, and was partially offset by fair value loss of interest rate swap instrument on floating rate borrowings. Currently, our Company does not have in place any formal hedging policy which governs the use of interest rate swap instruments.

Distribution and marketing expenses

Our distribution and marketing expenses decreased by S\$0.9 million, or 1.5%, from S\$59.7 million in FY Mar 2011 to S\$58.8 million in FY Mar 2012. This is primarily attributable to a decrease in distribution and marketing activities. Distribution and marketing expenses as a percentage of our sales decreased from 8.9% in FY Mar 2011 to 8.1% in FY Mar 2012. The decrease was mainly a result of economies of scale we obtained from suppliers whereby the higher merchandise sales entitled our Malaysian operations to a lower tiered rate charged by our external logistics provider.

Administrative expenses

Administrative expenses increased by S\$7.8 million, or 7.2%, from S\$108.3 million in FY Mar 2011 to S\$116.1 million in FY Mar 2012 due mainly to higher impairment loss on trade receivables by S\$7.7 million as a result of an increase in impairment allowance from S\$10.7 million to S\$18.4 million from FY Mar 2011 to FY Mar 2012 and an increase in rental expenses of S\$1.4 million due to the opening of new stores in Singapore and Malaysia.

In FY Mar 2011, our Group had a significant write-back of impairment allowance of trade receivables due mainly to a reduced credit risk exposure in Malaysia as compared to previous years. As a result of the write-back, the net impairment allowance in FY Mar 2011 was S\$10.7 million which would otherwise have been S\$18.7 million without the write-back of impairment allowance made in previous financial years. See “— Financial year ended 31 March 2011 compared to financial year ended 31 March 2010 — Administrative expenses” for details. Such write-back of over-impairment allowance did not recur in FY Mar 2012 and the allowance for impairment of trade receivables in FY Mar 2012 was made based on historical trends of repayment by our customers on a collective basis which is representative and the closest estimate our management refers to. The allowance for impairment of our Group’s trade receivables was 5.2% as at March 2012 as compared to 5.6% as at March 2011. In view of the aforementioned reasons, our Group recorded a higher impairment loss on trade receivables and higher impairment allowance in respect of FY Mar 2012 as compared to FY Mar 2011.

Finance expenses

Finance expenses increased by S\$3.5 million, or 32.1%, from S\$10.9 million in FY Mar 2011 to S\$14.4 million in FY Mar 2012. The increase was driven mainly by a higher amount of drawdown of the Syndicated Credit Facilities by CMB of RM36 million during the financial year and the full year impact of the US\$23 million (S\$28.9 million) Standard Bank Term Loan Facility Agreement on CSL which was obtained in January 2011 and incurred less than 3 months of interest expense in FY Mar 2011. CMB had increased its amount of drawdown of the Syndicated Credit Facilities as a result of increased working capital required for its expanded business operations due to new store openings. In March 2012, CMB secured the Senior Loan Facility of up to RM350 million of which RM253 million was drawn down in March 2012. This new facility carries an interest rate of KLIBOR plus a spread. Pursuant to a floating-to-fixed interest rate swap, we have fixed KLIBOR for borrowings of up to RM 265 million and as such, the resulting effective rate of interest for our borrowings up to RM 265 million is 6.6% per annum.

Profit before income tax

As a result of the foregoing, our profit before income tax increased by S\$18.4 million, or 62.0%, from S\$29.7 million in FY Mar 2011 to S\$48.1 million in FY Mar 2012. As our profit before income tax is dependent on our sales, there is no certainty that this trend may continue.

Income tax expense

Our income tax expense was S\$8.7 million in FY Mar 2012 due to higher profit before taxation. The tax credit in FY Mar 2011 arose due to a reversal of deferred tax liabilities on trademarks amounting to S\$3.8 million and no tax expense for CMB due to the utilisation of tax losses carried forward from prior years. Our Group’s effective tax rate for FY Mar 2012 at 18.1% was slightly higher than the Singapore statutory tax rate mainly due to an underprovision of prior years’ corporate tax by CMB.

Financial year ended 31 March 2011 compared to financial year ended 31 March 2010

Sales

Sale of goods

Singapore

Total sale of goods in Singapore increased by S\$68.5 million, or 19.4%, from S\$353.1 million in FY Mar 2010 to S\$421.6 million in FY Mar 2011, due to a continuing focus on our distinct value proposition to customers (our 'Courts Price Promise 2011') and promotional activities to capitalise on strong economic and consumer sentiments in the Singapore market.

As a result, electrical product sales increased from S\$159.3 million in FY Mar 2010 to S\$178.1 million in FY Mar 2011 mainly driven by increased sales of vision products and major white goods. Electrical products sales also increased due to our active participation in and conducting of tradeshow and other sales events in Singapore to increase our profile and boost sales, undertaking of increased marketing events to maintain or attract both our new and repeated customers, opening of 2 new stores located at Orchard Road and NEX Mall in the second half of the year and the introduction of new technology and new products such as LED televisions.

IT product sales saw an increase from S\$110.1 million in FY Mar 2010 to S\$142.7 million in FY Mar 2011 due to our Group's focus on growing the sales of DSLR cameras and tablet computers in tandem with market demand. Tradeshow conducted during the financial year also contributed to the increase in sales. The 2 new stores located at Orchard Road and NEX Mall contributed to the increase in sales.

Furniture sales increased from S\$61.8 million in FY Mar 2010 to S\$79.9 million in FY Mar 2011, due to continuous growth in the "Sleep Clinic" product range and the introduction of new concepts such as "Sleep to Live" and "Sofa Maker" during the financial year. We also broadened our product offerings in the lounge and bedding categories by introducing other international brands so as to provide our customers with a wider selection. See "Business — Product Range — Furniture" for further details on the "Sleep to Live" and "Sofa Maker" concepts. In addition, our 2 new stores in Orchard Road and NEX Mall also contributed to the increase in sales.

Sale of services decreased from S\$21.9 million in FY Mar 2010 to S\$20.9 million in FY Mar 2011 as a result of lower warranty sales due to the decrease in credit sales in Singapore.

Malaysia

Total sale of goods in Malaysia saw an increase of RM60.0 million (S\$28.5 million), or 20.5%, from RM292.1 million (S\$120.4 million) in FY Mar 2010 to RM352.1 million (S\$148.9 million) in FY Mar 2011 mainly due to the initiatives taken to increase the range of products offered, increase in number of stores and relocation of existing stores to areas which are more accessible and have higher traffic flow, innovative and creative marketing as well as offers in both cash and credit markets.

Electrical product sales increased from RM142.3 million (S\$58.6 million) in FY Mar 2010 to RM169.3 million (S\$71.6 million) in FY Mar 2011. The increase was attributable to a significant increase in sales of vision products due to the high sales of flat panel TVs during the World Cup season. Other areas of increased sales, though to a lesser extent, were from major white goods and small appliances. Sales from our 6 new stores also contributed towards electrical product sales for FY Mar 2011.

IT product sales increased from RM53.0 million (S\$21.9 million) in FY Mar 2010 to RM68.1 million (S\$28.8 million) in FY Mar 2011 mainly due to our initiative to focus on improving and promoting the range of computer and photography product categories. The 6 new stores also contributed towards IT product sales.

Furniture sales increased from RM70.1 million (S\$28.9 million) in FY Mar 2010 to RM81.1 million (S\$34.3 million) in FY Mar 2011. The increase is mainly due to higher sales in lounge and bedding products. This came from the introduction of Fuze (sofa beds) and made-to-order sofas which were a big success especially during the Hari Raya season. The increase in furniture sales was also attributable to the 6 new stores which opened in FY Mar 2011.

Sale of services increased from RM26.7 million (S\$11.0 million) in FY Mar 2010 to RM33.5 million (S\$14.2 million) in FY Mar 2011 due to higher warranty sales as a result of an increase in credit sales.

Service Charges

Singapore

In Singapore, service charges arising from current year credit sales decreased by S\$3.0 million from S\$36.6 million in FY Mar 2010 to S\$33.6 million in FY Mar 2011 due to the decrease in credit sales. Credit sales mix decreased from 13.7% in FY Mar 2010 to 10.0% in FY Mar 2011 mainly due to tradeshows conducted by us during the financial year which promoted cash payments. We also noted a trend that our customers were increasingly affluent and used alternative payment modes rather than our credit services.

Malaysia

In Malaysia, service charges arising from current year credit sales increased by RM13.9 million (S\$7.8 million) from RM173.0 million (S\$71.3 million) in FY Mar 2010 to RM186.9 million (S\$79.1 million) in FY Mar 2011 due to an increase in credit sales. Earned service charges decreased by RM3.3 million from RM171.7 million in FY Mar 2010 to RM168.4 million in FY Mar 2011 due to higher unearned service charges arising from current year Sale of goods — credit deferred to future periods. However, in terms of Singapore dollars, earned service charges increased by S\$0.4 million from S\$70.8 million in FY Mar 2010 to S\$71.2 million in FY Mar 2011 mainly due to the foreign exchange translation differences as a result of the appreciation of the Singapore Dollar against Malaysia Ringgit.

Notwithstanding the aforementioned increased service charges from credit sales, credit sales mix decreased from 65.7% in FY Mar 2010 to 64.8% in FY Mar 2011 as a result of our Group's strategy to drive cash sales through aggressive marketing campaign in FY Mar 2011 during the year end and Lunar New Year seasons and holding more events and tradeshows where cash payments are the norm. Nonetheless, the absolute amount of credit sales increased in FY Mar 2011.

Cost of sales

Cost of sales increased by S\$70.3 million, or 17.6%, from S\$398.8 million in FY Mar 2010 to S\$469.1 million in FY Mar 2011, being slightly lower than the increase in our total sale of goods.

Gross profit

Gross profit increased by S\$23.9 million, or 13.2%, from S\$181.1 million in FY Mar 2010 to S\$205.0 million in FY Mar 2011 due mainly to an increase in sales.

Other income and other gains — net

Other income and other gains — net decreased marginally by S\$0.4 million, or 10.0%, from S\$4.0 million in FY Mar 2010 to S\$3.6 million in FY Mar 2011 due mainly to lower bank interest received and lower late payment fees received from credit customers.

Distribution and marketing expenses

Distribution and marketing expenses increased by S\$10.1 million, or 20.4%, from S\$49.6 million in FY Mar 2010 to S\$59.7 million in FY Mar 2011, primarily attributable to an increase in distribution and marketing activities. Distribution and marketing expenses as a percentage of

revenue increased from 8.6% in FY Mar 2010 to 8.9% in FY Mar 2011. The increase was mainly due to higher delivery costs incurred during the financial year which resulted from increased petrol charges incurred by our third-party delivery couriers. The additional costs incurred for leasing a new warehouse space in Malaysia also contributed to the increase in distribution and marketing expenses.

Administrative expenses

Administrative expenses decreased by S\$2.1 million, or 1.9%, from S\$110.4 million in FY Mar 2010 to S\$108.3 million in FY Mar 2011 mainly due to an improvement in the trade receivables portfolio. Impairment loss on trade receivables decreased by S\$11.1 million due to write-back allowance for impairment loss in previous years and our Group's improved credit monitoring and collections (see "Business — Credit Operations"). The higher impairment charge on trade receivables in FY Mar 2010 was due primarily to a wider credit risk exposure arising from credit sales in Malaysia as CMB had several stores in the outskirts and smaller town of Malaysia prior to FY Mar 2010. Our group undertook actions to minimise CMB's credit risk exposure by restructurising our sales efforts, closing stores in the outskirts of Malaysia and increasing our presence in the cities. We also tightened our credit assessment and were more stringent in granting credit sales. As a result of our much improved credit risk position, the impairment allowance required for FY Mar 2011 was significantly lower than FY Mar 2010. Therefore, there was a write-back of impairment allowances of S\$8.0 million in FY Mar 2011. Should no write-back have been made on the impairment allowance in prior financial years, the impairment charge for FY Mar 2011 would have been S\$18.7 million, a decrease of S\$3.1 million or 14.2% as compared to S\$21.8 million in FY Mar 2010. This write-back of the impairment allowance of trade receivables in FY Mar 2011 is a non-recurring event.

Our administrative expense was also partially offset by the increase in rental of S\$2.8 million due to the opening of new stores in Singapore and Malaysia. In addition, salaries and wages also reported an increase of S\$9.0 million from S\$21.9 million in FY Mar 2010 to S\$30.9 million in FY Mar 2011 due to increase in staff headcount. Restoration of the wage freeze from the previous financial year together with the increase in accrued variable bonus due to our Group's improved performance also contributed to the increase in administrative expenses.

Finance expenses

Finance expenses increased by S\$3.8 million, or 53.5%, from S\$7.1 million in FY Mar 2010 to S\$10.9 million in FY Mar 2011. The increase was due to a new term loan, the Standard Bank Term Loan Facility, of US\$23.0 million (S\$29.0 million) and a drawdown of S\$26.0 million from the Syndicated Credit Facilities with repayments made on the Syndicated Credit Facilities of S\$6.3 million by CMB during the financial year. See also "— Borrowings".

Profit before income tax

As a result of the foregoing, the profit before tax increased by S\$11.7 million, or 65.0%, from S\$18.0 million in FY Mar 2010 to S\$29.7 million in FY Mar 2011. As our profit before income tax is dependent on our sales, there is no certainty that this trend may continue.

Income tax credit

Income tax credit increased by S\$2.4 million from S\$0.1 million in FY Mar 2010 to S\$2.5 million in FY Mar 2011 as a result of a reversal of deferred tax liabilities on trademark amounting to S\$3.8 million due to recognition of the cost of trademark as allowable expenses for tax purposes. This was partially offset by income tax expense incurred in respect of the profits for FY Mar 2011 in Singapore. For FY Mar 2011, no tax expense was incurred by CMB due to the utilisation of tax losses carried forward from previous years. Our effective tax rate for FY Mar 2010 was lower than the Singapore statutory tax rate mainly due to overprovision of prior years' deferred tax liability by CMB and an overprovision by CSL on previous years' corporate tax which resulted in an adjustment on income tax expenses for FY Mar 2010.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and cash flows

The business of our Group has been financed mainly through a combination of cash generated from operating activities, and our current funding arises from the Asset Securitisation Programme 2012, the Standard Bank Term Loan Facility Agreement, the HSBC Facility Agreement and the Senior Loan Facility. The principal utilisation of cash has been for the payment to suppliers, meeting operating expenses and capital expenditure.

As at the Latest Practicable Date, our total facilities under the abovementioned programmes and facilities amounted to S\$266.2 million and the total amount of drawdown was S\$241.2 million. Accordingly, our material unused sources of liquidity including cash and cash equivalents, amounted to S\$68.7 million. This amount is subject to our Group meeting certain criteria in relation to our level of receivables as set out in certain of our facilities.

The table below has been derived from the Consolidated Financial Statements of our Group and sets forth our consolidated statements of cashflows, for the periods indicated.

	Audited Financial year ended 31 March		
	2010	2011	2012
	S\$'000	S\$'000	S\$'000
Operating cash flow before working capital changes	32,687	39,327	62,370
Changes in working capital, net effect of disposal of subsidiary.	19,310	(12,771)	(47,836)
Tax paid.	(948)	(1,183)	(8,009)
Net cash inflow from operating activities	51,049	25,373	6,525
Net cash inflow/(outflow) from investing activities	8,245	(2,321)	(537)
Net cash (outflow) from financing activities	(42,922)	(11,068)	(7,363)
Net increase/(decrease) in cash and cash equivalents . .	16,372	11,984	(1,375)
Cash and cash equivalents at beginning of year.	21,979	38,452	50,528
Effect of currency translations on cash and cash equivalents.	101	92	(180)
Cash and cash equivalents at end of year	38,452	50,528	48,973

Cash flow statement for the financial year ended 31 March 2012

In FY Mar 2012, our operating cash flow before working capital changes increased from S\$39.3 million to S\$62.4 million due mainly to higher operating profit. This increase was partially offset by a higher trade receivables balance of S\$43.7 million which resulted from increased credit purchases with longer repayment periods under our Courts Flexi Schemes during the financial year. This resulted in a decrease in net cash inflow from operating activities in FY Mar 2012 as well as higher net cash outflow from working capital as compared to FY Mar 2011 and FY Mar 2010.

Our Group's net trade receivables were approximately S\$326.4 million and S\$365.8 million in respect of FY Mar 2011 and FY Mar 2012 respectively.

Our net cash outflow from investing activities of S\$0.5 million was a result of capital expenditure on renovations of our stores, which was offset by the proceeds of the sale of our property in Johor Bahru.

Net cash outflow from financing activities of S\$7.4 million comprised a dividend payout of S\$51.7 million, repayment of S\$45.4 million for the Syndicated Credit Facilities by CMB, net repayment of S\$5.0 million of the Asset Securitisation Programme 2010 and payment of S\$11.8 million on interest expenses on all our borrowings, which were partially offset by a S\$2.0 million term loan obtained and the Senior Loan Facility taken up by CMB during the financial year which amounted to S\$103.7 million.

Cash flow statement for the financial year ended 31 March 2011

In FY Mar 2011, our net operating cash flow from operating activities was S\$25.4 million due mainly to higher operating profit and longer average payment terms to suppliers in terms of creditor turnover days.

Net cash outflow from investing activities amounting to S\$2.3 million comprised capital expenditure on store renovations, additional purchases of fixtures and fittings and upgrading of computer systems.

Net cash outflow used in financing activities of S\$11.1 million comprised dividend and distribution payout of S\$41.4 million and repayment of a bridging loan facility of S\$18.1 million partially offset by S\$10.7 million obtained under the Asset Securitisation Programme 2010 and the Standard Bank Term Loan Facility of US\$23 million (S\$27.0 million) taken up by CSL. See “— Borrowings — Standard Bank Term Loan Facility”. CMB also drew down S\$26.0 million from the Syndicated Credit Facilities and repaid S\$6.3 million under the Syndicated Credit Facilities during the financial year. We also paid S\$9.3 million in interest payments due under all our borrowings.

Cash flow statement for the financial year ended 31 March 2010

In FY Mar 2010, we generated net cash inflow from operating activities of S\$51.0 million due to high operating profit achieved during the year and longer suppliers’ payment terms.

Net cash generated from investing activities of S\$8.2 million is derived mainly from proceeds from the sale of properties located in Setapak and Melaka in Malaysia and interest income from bank deposits.

Net cash outflow used in financing activities was S\$42.9 million comprised dividend and distribution payout of S\$18.1 million, net repayment of CMB borrowings of S\$18.0 million, and net repayment of monies received from the Asset Securitisation Programme, partially offset by a bridging loan facility granted to CSL which was repaid and terminated in September 2010.

BORROWINGS

As at 31 March 2012, we had the following borrowings:

	Total borrowings of our Group as at 31 March 2012
Due within 12 months	
Asset Securitisation Programme 2010 in Singapore	S\$56.1 million
Finance lease liabilities	S\$0.2 million
Standard Bank Term Loan Facility in Singapore	S\$10.2 million
Due more than 12 months	
Asset Securitisation Programme 2010 in Singapore	S\$12.9 million
Finance lease liabilities	S\$0.2 million
Senior Loan Facility in Malaysia	RM253 million (S\$103.7 million)
Standard Bank Term Loan Facility in Singapore	S\$18.8 million

The Standard Bank Working Capital Facility in Singapore of up to US\$8 million can only be utilised for banker's guarantees and as at 31 March 2012, we had utilised an aggregate amount of S\$6.5 million for rental deposits. We had terminated the Standard Bank Working Capital Facility on 4 September 2012, the Standard Bank Term Loan Facility is expected to terminate on 28 September 2012 and the Asset Securitisation Programme 2010 was terminated on 20 September 2012.

For the period since the Latest Practicable Date up till the date of lodgment of this Prospectus, we had renewed our Asset Securitisation Programme 2010 in the form of the Asset Securitisation Programme 2012 and entered into the HSBC Facility Agreement (as defined herein).

A description of our Asset Securitisation Programme 2010, Asset Securitisation Programme 2012, Standard Bank Term Loan Facility, Standard Bank Working Capital Facility and HSBC Facility Agreement in Singapore and the Senior Loan Facility in Malaysia is set out below.

Security granted

Our borrowings under the Asset Securitisation Programme 2010 was the amount of consideration received by CSL for its trade receivables.

The Senior Loan Facility is secured by an assignment of all of VLSB's rights, title, benefit and interest in, to and under the receivables purchased by VLSB from CMB from time to time and the collections arising from those receivables, a debenture providing a fixed and floating charge over all present and future assets of VLSB, a charge over certain designated accounts of VLSB and over all permitted investments out of such accounts, a debenture providing a fixed and floating charge over most assets of CMB both present and future, and a corporate guarantee issued by CMB.

The Standard Bank Term Loan Facility and Standard Bank Working Capital Facility were secured by, *inter alia*, a deed of charge over shares in CMB, a debenture providing a fixed and floating charge over the assets of CSL and a debenture providing fixed and floating charges over our Company's assets. The security in relation to the Standard Bank Term Loan Facility and Standard Bank Working Capital Facility were released upon the termination of these respective facilities as described above.

Maturity of borrowings

Our Asset Securitisation Programme 2010 in Singapore was replaced with the Asset Securitisation Programme 2012 on 20 September 2012 and was accordingly terminated prior to its maturity on such date the Asset Securitisation Programme 2012 came in effect. The Asset Securitisation Programme 2012 will expire on 21 September 2018 or in 2017 at the option of The Hongkong and Shanghai Banking Corporation Limited.

The Senior Loan Facility in Malaysia has a maturity date of 22 February 2017.

The termination date of the HSBC Facility Agreement is 3 years after the first draw down.

Asset Securitisation Programme 2010

The Asset Securitisation Programme 2010 was a renewal of our Group's previous Asset Securitisation Programme with various modifications. Pursuant to the Asset Securitisation Programme, our Company's credit receivables were converted into security by selling all the credit receivables of CSL as and when generated to a special purpose vehicle, Assestrust Pte Ltd ("Assestrust"). The receivables were repackaged into beneficial interest instruments with priority of repayments: Senior, Sub-Senior, Seller, Mezzanine and Junior certificates. Even though CSL did

not retain legal ownership of the receivables, CSL retained the risks and rewards of ownership of these receivables to the extent that it held the Seller, Sub-Senior, Mezzanine and Junior certificates. The transaction documents under the Asset Securitisation Programme 2010 were executed by the relevant parties, including CSL, on 4 March 2010 and was subsequently amended by the Deed of Amendment, Second Deed of Amendment, Third Deed of Amendment and Fourth Deed of Amendment dated 5 May 2010, 20 January 2011, 1 April 2011 and 22 August 2011 respectively, pursuant to which minor modifications were made to the terms of the Asset Securitisation Programme 2010 and The Hongkong and Shanghai Banking Corporation Limited took over the position of The Royal Bank of Scotland N.V., Singapore Branch as a party to the Asset Securitisation Programme 2010. The Asset Securitisation Programme 2010 took effect on the renewal date, which is 22 March 2010, and the termination date is 21 March 2013. However, on 20 September 2012, the Asset Securitisation Programme 2010 was replaced by the Asset Securitisation Programme 2012 and was accordingly terminated prior to its maturity on such date the Asset Securitisation Programme 2012 came into effect. No amounts were due to be repaid as the Asset Securitisation Programme 2010 was replaced in its entirety.

The senior interest under the Asset Securitisation Programme 2010 had been assigned a credit rating of Aa3 by Moody's Investors Services and the rating was arrived at after assessing the potential credit risks to investors of the senior interest certificates as part of the Asset Securitisation Programme 2010.

Some of the pertinent modifications to the Asset Securitisation Programme 2010 included various new credit enhancement features for the benefit of the holders of the senior interest which included the following:

- (a) a more stringent eligibility criteria for the receivables to be sold to Assettrust Pte. Ltd., the trust vehicle under the Asset Securitisation Programme 2010; and
- (b) the introduction of various mechanisms to mitigate any risks of default with respect to the receivables sold to the holders of the senior interests such as provisions for reallocation of beneficial interests within the securitisation structure and the payment of cash by CSL in favour of the holders of the senior interests in the event of deterioration of the quality of receivables for which the holders of the senior interest have a beneficial interest.

Under the Asset Securitisation Programme 2010, CSL had undertaken to, *inter alia*, ensure and procure that, prior to 21 March 2013, the Vendor and/or ARG would remain the single largest shareholder of our Company and no other entity would have control of our Company without prior consent of the holders of the senior certificates. "Control" is defined in the Asset Securitisation Programme 2010 to include the direct or indirect power to directly or indirectly: (a) direct the management or policies of our Company; or (b) control the membership of the Board of Directors; whether or not the power has statutory, legal or equitable force or is based on statutory, legal or equitable rights, and whether or not it arises by means of trusts, agreements, arrangements, understandings, practices, the ownership of any interest in shares or stock of our Company or otherwise. In the event of default by customers, The Hongkong and Shanghai Banking Corporation Limited, in its capacity as lender, would have no recourse to CSL.

Asset Securitisation Programme 2012

The Asset Securitisation Programme 2012 is a renewal of our Group's Asset Securitisation Programme 2010 with modifications. The Asset Securitisation Programme 2012 was entered into on 20 September 2012 between, among others, CSL, Assettrust and The Hongkong and Shanghai Banking Corporation Limited. The Asset Securitisation Programme 2010 ceased to have effect on the same day. Similar to the Asset Securitisation Programme 2010, CSL's credit receivables are securitised when the credit receivables of CSL are sold into Assettrust, a special purpose vehicle and wholly-owned subsidiary of CSL. Under the Asset Securitisation Programme 2010, Assettrust

was previously a subsidiary of HSBC Institutional Trust Services (Singapore) Limited. Pursuant to the renewal of the programme, Assetrust was transferred to CSL for nominal consideration of S\$100. The receivables are packaged into beneficial interest instruments with priority of repayments to the Senior, Mezzanine and Junior Beneficiaries. Unlike the Asset Securitisation Programme 2010, the receivables are not subject to a credit rating analysis by a rating agency. CSL holds all the Seller, Mezzanine and Junior interests and retains the risks and rewards of ownership of these receivables.

Under the Asset Securitisation Programme 2012, the amounts drawn down are paid to us in the form of consideration for the sale of our receivables to Assetrust. Assetrust will pay or provide consideration (in the form of cash and/or the issue of Senior, Mezzanine, Junior and Seller interests) to CSL. The consideration, which represents 70% of eligible receivables, is arrived at based on a review of the underlying receivables portfolio which takes into account the value of unpaid or undischarged amounts of the underlying receivables. The amounts drawn down in the form of consideration will increase in the event that the size and quality of our eligible receivables increase. Should the size and quality of our eligible receivables decrease, we will repay the lenders the proportion due. In respect of cash consideration, it receives this principally from the Senior Beneficiary, being The Hongkong and Shanghai Banking Corporation Limited. CSL has an obligation to remit collections received into a collection account, which Assetrust has access to. Towards the end of each month, a net amount less, among others, the required yields payable to the Senior and Mezzanine Beneficiaries and the required amount to be maintained in the reserve account is transferred back to CSL for CSL to use as working capital. CSL has also undertaken, under the Asset Securitisation Programme 2012, not to change the composition of its senior management team prior to (a) 21 September 2013, or (b) Listing Date, whichever is earlier, without the prior written consent of The Hongkong and Shanghai Banking Corporation Limited, such consent not to be unreasonably withheld. Should CSL trigger certain early amortisation events, it may not be able to make additional draw downs. The interest rate of the Asset Securitisation Programme 2012 is fixed at 5.5% per annum, for an amount up to S\$94 million and variable for the balance amounts based on the Singapore Swap Offer Rate and a spread. CSL has provided a guarantee and indemnity in favour of the Senior Beneficiary, The Hongkong and Shanghai Banking Corporation Limited, in respect of amounts payable under the Asset Securitisation Programme 2012. Upon the expiration of the Asset Securitisation Programme 2012, CSL will not sell further receivables to Assetrust. Outstanding amounts will continue to be amortised in the same manner via the collection account until the balance is repaid.

As at the date of lodgment of this Prospectus, S\$105.9 million has been drawn down based on eligible receivables of S\$151.2 million out of total receivables of S\$180.9 million under the Asset Securitisation Programme 2012 for the repayment of the Standard Bank Term Loan Facility and our Group's working capital purposes.

Senior Loan Facility

By a facility agreement dated 23 February 2012 entered between VLSB as borrower, HSBC Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad as the mandated lead arrangers, HWANGDBS Investment Bank Berhad as the lead arranger, HSBC Bank Malaysia Berhad as the coordinating arranger, facility agent and the security agent and HSBC Bank Malaysia Berhad, OCBC Bank (Malaysia) Berhad and HWANGDBS Investment Bank Berhad as the lenders, a senior loan facility of up to the aggregate principal amount of RM350.0 million was severally agreed to be made available to VLSB (the "Senior Loan Facility"). The lenders have currently committed RM300 million under the Senior Loan Facility. We are currently in discussions with the lenders with a view to obtain a further committed amount of RM50 million. The Senior Loan Facility was used to repay the Syndicated Credit Facilities, for distribution of dividends and CMB's working capital, and will also used by VLSB to finance its acquisition of receivables from CMB from time to time, pursuant to a factoring agreement entered into between CMB, VLSB and HSBC Bank Malaysia Berhad on 23 February 2012.

The Senior Loan Facility has a tenor of 5 years. For the first 3 years, the Senior Loan Facility will be in the form of a revolving credit facility. If the Senior Loan Facility is still not fully cancelled or prepaid at the end of the third year, the Senior Loan Facility then converts to a fully-amortising

term loan facility, wherein the outstanding drawn loan principal balance at the end of the third year will be the maximum loan amount, and the Senior Loan Facility amortises on a monthly basis till zero. Under the Senior Loan Facility, the amounts drawn down are paid to us in the form of consideration for the sale of our receivables to VLSB. The consideration is determined based on certain factors, and primarily includes the rating of the receivables which is determined by a local rating agency, RAM Rating Services Berhad, and computed based on such receivables with a “AAA” rating stress ratio and the total principal balance of eligible receivables (net of any unearned service charge) attributable to VLSB. The amounts drawn down in the form of consideration will increase in the event that the size and quality of our eligible receivables increase. Should the size and quality of our eligible receivables decrease, we will repay the lenders the proportion due. CMB, being the servicer under the Senior Loan Facility, will collect credit receivables installment payments through various collection methods as set out in “Business — Credit Operations — Monitoring and collections”. The credit collections are transferred daily to VLSB’s collection account, a designated account maintained with HSBC Bank Malaysia Berhad and solely operated by HSBC Bank Malaysia Berhad as the facility agent. On each interest payment date, being the last business day of each month, the balance in the collection account will be applied to pay for VLSB’s taxes, expenses, hedging and interest expenses, reserve account top-ups. The balance will then be released to CMB. CMB then uses the amount transferred back for working capital purposes. The Senior Loan Facility carries an interest rate of KLIBOR plus a spread. Pursuant to a floating-to-fixed interest rate swap, we have fixed KLIBOR for borrowings of up to RM 265 million and as such, the resulting effective rate of interest for our borrowings up to RM 265 million is 6.6% per annum.

The following were provided as part of the security for the Senior Loan Facility to HSBC Bank Malaysia Berhad, as the security agent for the finance parties: (i) an absolute assignment of all rights, title, interest and benefit in and to the receivables acquired by VLSB from CMB, free from all security (other than the security created pursuant to the security documents); (ii) a debenture creating a first fixed and floating charge over present and future assets of CMB, but subject to certain exceptions including assets or equipments that are pledged to third parties in the ordinary course of business of VLSB; (iii) a debenture creating a first fixed and floating charge over present and future assets of VLSB; (iv) an accounts charge for a first fixed charge over the designated accounts of VLSB, all amounts standing to the credit of such accounts and all permitted investments made out of such accounts; and (v) a corporate guarantee executed by CMB for all sums of monies or liabilities due or owing under the Senior Loan Facility. Furthermore, CMB undertook that so long as the Senior Loan Facility is outstanding, unless with consent of majority lenders, it will not (a) dispose, encumber or deal with the shares in VLSB in any manner; and (b) exercise its rights as a shareholder of VLSB to cause VLSB to breach the terms of the financing documents or act to the detriment of the lenders under the Senior Loan Facility.

The Senior Loan Facility also sets out certain conditions and covenants to be complied with by CMB and VLSB. CMB is subject to certain financial covenants, which include maintaining its consolidated gearing ratio at (i) not more than 1.40 times during the revolving period; and (ii) not more than 1.25 times during the amortisation period. CMB’s consolidated gearing ratio shall be tested on a half yearly basis by reference to the consolidated financial statements of CMB. If these financial covenants are not met, a trigger event automatically occurs and no drawdown is allowed until it is remedied. VLSB is subject to certain restrictive covenants including that it shall not declare or pay out any dividend or bonus issue or any other distribution in respect of any of its share capital, nor shall it, *inter alia*, make or grant any loans or advances or provide or extend any credit or accommodation unless the prior written consent of the security agent (acting on the instructions of the majority lenders) has been obtained. We do not expect such restrictions to impact our ability to meet our cash obligations. The terms of the Senior Loan Facility also state that if (a) an initial public offering or a sale of shares of CMB or any of its holding companies resulting in the aggregate effective shareholding of the existing shareholders of ARG in CMB (i) falling below 20%; or (ii) falling below that of an external party; or (b) if the existing shareholders of ARG fail to have management control over CMB occurs, the lenders and VLSB shall enter into discussions for a period of 60 days from the date of the aforementioned occurrences with a view

to agreeing on any revision to be made to the terms of the Senior Loan Facility. “Management control” of CMB is defined to include the direct or indirect power to: (a) direct or exercise material influence on the management or policies of CMB; or (b) control the membership of the board of directors of CMB; whether or not the power has statutory, legal or equitable force or is based on statutory, legal or equitable rights, and whether or not it arises by means of trusts, agreements, arrangements, understandings, practices, the ownership of any interest in shares or stock of CMB or otherwise.

As at 31 March 2012, we drew down RM253 million from the Senior Loan Facility.

Standard Bank Term Loan Facility

CSL entered into a term loan facility of up to US\$23.0 million with Standard Bank Asia Limited on 29 December 2010 which was subsequently novated from Standard Bank Asia Limited to Standard Bank plc on 12 April 2012 (the “Standard Bank Term Loan Facility”). The Standard Bank Term Loan Facility also provides for the additional loan commitment of up to US\$8.0 million by any other lender which becomes a party to the Standard Bank Term Loan Facility Agreement in accordance with the terms hereto. The Standard Bank Term Loan Facility is expected to be repaid and terminated on 28 September 2012 upon agreement by the parties to the facilities.

Out of the aggregate amount of US\$23.0 million, US\$19.0 million of the Standard Bank Term Loan Facility was extended to us for the purpose of payment of the consideration amount pursuant to the Trademark Transfer Agreements. The remaining US\$4.0 million was utilised by CSL towards declaration of dividends and distributions to our Company and our shareholders. In addition, CSL had in FY Mar 2012 repaid the amount of US\$8.8 million, but also further borrowed another sum of US\$8.8 million. As such, the amount outstanding under the Standard Bank Term Loan Facility remains as US\$23 million.

Interest on the Standard Bank Term Loan Facility per annum shall be the aggregate of (i) 6.0% and (ii) the British Banker’s Association Interest Settlement Rate for US Dollars, for the interest period of either 1 or 3 months, to be determined by CSL.

Pursuant to the terms of the Standard Bank Term Loan Facility, our Company also undertakes, *inter alia*, that we shall at all time hold beneficially and directly 100.0% of the issued share capital of CSL. Save for certain permitted dividends and other distributions by our Company to our shareholders as provided under the Standard Bank Term Loan Facility which includes, *inter alia*, the declaration of dividend or distribution solely out of or from, retained earnings or profits of our Company where a waiver of the Proposed Listing having been obtained and no event of default having occurred or would occur as a result of making the payment, our Company shall not (i) declare, make or pay any dividend, charge, fee or other distribution on or in respect of our share capital; (ii) repay or distribute any dividend or share premium reserve; (iii) pay or allow any member of our Group to pay any management, advisory or other fee to or to the order of any of the shareholders of our Company or (iv) redeem, repurchase, defease, retire or repay of any of our share capital or resolve to do so.

Standard Bank Working Capital Facility

CSL entered into a working capital facility of up to US\$8 million with Standard Bank Asia Limited on 29 December 2010, which was subsequently novated from Standard Bank Asia Limited to Standard Bank plc on 12 April 2012 (the “Standard Bank Working Capital Facility”). The Standard Bank Working Capital Facility was utilised to facilitate the issuance of certain back-to-back guarantees issued by The Hongkong and Shanghai Banking Corporation Limited (the “Back-to-Back Guarantee”). Interest on the Standard Bank Working Capital Facility per annum was the aggregate of (i) 6.0% and (ii) the British Banker’s Association Interest Settlement Rate for US Dollars, for the Business Day in respect of which repayment takes place. We had terminated the Standard Bank Working Capital Facility on 4 September 2012.

HSBC Facility Agreement

On 27 September 2012, CSL entered into a facility agreement with HSBC (the “HSBC Facility Agreement”) pursuant to which HSBC would make available to CSL a loan of up to an aggregate amount of S\$15.0 million or an amount equal to 50.0% of CSL’s inventory value in respect of such date. The rate of interest per annum is the aggregate of the Singapore swap offer rate and a spread. The HSBC Facility Agreement is payable every quarter for three years after the first draw-down. Under the terms of the HSBC Facility Agreement, CSL is permitted to declare or pay any dividend or make any distribution in respect of its share capital except for months where it has not repaid any amounts due under the provisions of the HSBC Facility Agreement or if it is in subsisting default of such repayment obligations. We expect to draw down approximately S\$15.0 million under the HSBC Facility Agreement on or around 1 October 2012 for working capital purposes.

Financing risk

In order to grow our retail and credit operations, we may need to renew our existing facilities and obtain additional financing. If we are unable to procure adequate financing, we may be unable to expand our retail and credit operations and our financial results and profitability may be materially and adversely affected. Failure to renew existing financing or secure additional financing on commercially favourable terms may affect our business materially and adversely.

CAPITAL EXPENDITURE AND DIVESTMENT

Historical capital expenditure and divestment

Our capital expenditure was S\$2.5 million, S\$8.4 million and S\$11.4 million in FY Mar 2010, FY Mar 2011 and FY Mar 2012 respectively. This capital expenditure related mainly to fixtures and fittings for new stores, relocations or refurbishment of existing stores and purchase of computer hardware and software. The following table provides details of our capital expenditure for FY Mar 2010, FY Mar 2011 and FY Mar 2012 in each of Singapore and Malaysia.

	FY Mar 2010	FY Mar 2011	FY Mar 2012
	S\$'000	S\$'000	S\$'000
<u>Singapore</u>			
Head office	901	1,366	1,364
Existing stores	518	1,437	2,735
New stores	—	2,034	1,197
Total	1,419	4,837	5,296
<u>Malaysia</u>			
Head office	—	266	738
Existing stores	1,092	1,459	3,646
New stores	—	1,797	1,711
Total	1,092	3,522	6,095

Suppliers have contributed in the form of rebates and direct contributions, to this capital expenditure in the amounts of S\$2.1 million, S\$3.3 million and S\$4.4 million in FY Mar 2010, FY Mar 2011 and FY Mar 2012 respectively. We believe that this contribution to our capital expenditure by our suppliers is typical practice in our industry in this region.

On 8 January 2010, CMB disposed of a retail property in Kuala Lumpur for a consideration of S\$5.9 million (net of expenses).

CMB also disposed of a property in Johor Bahru for a consideration of RM7,250,000 (S\$3.0 million) on 15 November 2011. The disposal was completed on 22 December 2011.

Since 1 April 2012 up to the Latest Practicable Date, we incurred approximately S\$2.7 million and RM3.5 million (S\$1.4 million) carrying out renovations in our stores in Singapore and Malaysia respectively.

Save for the above, our Group does not have any material expenditure on, or divestment of, capital investment (including any interest in another corporation) up till the Latest Practicable Date.

Material capital expenditure commitments

As at the Latest Practicable Date, our Group does not have any material capital expenditure commitments. However, we expect to incur approximately S\$2.5 million in capital expenditure commitments for renovations in our stores in Singapore, which will be funded from our working capital.

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

As at 31 March 2012, our Group had total contractual obligations of S\$88.5 million which we intend to fulfil by way of borrowings and internally generated funds.

The following table sets forth our Group's primary contingent liabilities and contractual cash obligations.

	As at 31 March 2012		
	Singapore S\$'000	Malaysia S\$'000	Combined S\$'000
Operating lease commitments:			
— Payable within 1 year	26,721	6,239	32,960
— Payable between 1 and 5 years	52,063	3,525	55,588
Total	78,784	9,764	88,548

Operating lease commitments principally relate to the leases in respect of our Group's stores, and to a lesser extent, office equipment and expatriate housing.

SEASONALITY

We generally experience higher sales revenue during certain festive seasons in Singapore and Malaysia, for example, during Hari Raya and Christmas, which usually occur over the first 3 quarters of our financial year. We generally experience lower sales revenue in the last quarter of our financial year as customer traffic and average purchases decline over the Chinese New Year period.

MARKET RISKS

Foreign currency risk

Our Group operates in Singapore and Malaysia. CMB transacts with its customers and suppliers substantially in Malaysia Ringgit, while our functional currency is Singapore Dollar. We have no significant trading exposure to foreign currency transaction risk. Dividends payable by CMB to our Company will have to be converted from Malaysia Ringgit to Singapore Dollar. Other than the

foreign exchange transaction risk in relation to dividends, we also face foreign exchange translation risk as CMB's reporting currency is Malaysia Ringgit while our Group's reporting currency is Singapore Dollars. See "Risk Factors — Risks Relating to our Group's Business — We are subject to risks relating to foreign currency exchange rate fluctuations".

Interest rate risks

We have borrowings under the Asset Securitisation Programme 2012 and the Standard Bank Term Loan Facility in Singapore and the Senior Loan Facility in Malaysia. Certain amounts of these borrowings carry floating interest rates. Currently, our Company does not have in place any formal hedging policy which governs the use of interest rate swap instruments. See "Risk Factors — Risks Relating to the Industry and Markets in which our Group operates — We are exposed to variations in interest rates."

Our Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollars. If the Singapore Dollar interest rates had increased/decreased by 0.14% in FY Mar 2012 or 0.3% in FY Mar 2011, with all other variables including tax rate being held constant, the profit after tax would be lower/higher by S\$52,000 for FY Mar 2012 and S\$77,000 for FY Mar 2011 as a result of higher/lower interest expense on these borrowings.

Credit risk

We have no significant concentration of credit risk due to the nature of our business and diversified customer base, mainly comprising individuals. We have policies in place to ensure that sales of products and services are made to customers with an appropriate credit profile. We manage our credit receivables through the application of a credit scoring system and vigilant follow-up of debtors. As our Group does not hold any collateral, the maximum exposure to credit risk is the carrying amount of receivables presented on the balance sheet. As at 31 March 2012, our Group's credit exposure in Singapore and Malaysia, as represented by our gross trade receivables, was approximately S\$157.2 million and S\$300.6 million in Singapore and Malaysia, respectively. No single credit customer of our Group accounts for more than S\$50,000 of credit receivables at any one time. See "Business — Credit Operations". Our major classes of financial assets are bank deposits and trade receivables.

INFLATION

In FY Mar 2010, FY Mar 2011 and FY Mar 2012, inflation did not have a material impact on the performance of our Group.

ORDER BOOK

As our Group is in the retail business, order books are not relevant to our Group.

INDUSTRY OVERVIEW

The following section was prepared by Euromonitor International as an Industry Consultant, for the inclusion in this Prospectus. All of the information and data presented in this section of this Prospectus have been provided by Euromonitor International. Euromonitor International has advised that although it has made every reasonable effort to ensure that the information in the following section of this Prospectus is accurate, Euromonitor International and its employees do not accept liability (save as may be required by applicable laws and regulations, including the Securities and Futures Act) for any loss suffered in consequence of reliance on such information or in any other manner. While we believe that the information and data are reliable, we cannot ensure the accuracy of the information or data, and neither our Group, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager nor any of our respective affiliates or advisers have independently verified this information or data. You should not place undue reliance on any of such information contained in this section of this Prospectus and you should not assume that the information and data in this section is accurate as of any date other than 28 September 2012, except as otherwise indicated. You should also be aware that since 28 September 2012, there may have been changes in our industry and the various other sectors which could affect the accuracy or completeness of the information in this section of this Prospectus.

MARKET BACKGROUND

Macroeconomic environment in Singapore

Population

Singapore's population reached 5.2 million in 2012. By 2020, officials expect the population to be 5.5 million. Singapore has one of the fastest ageing societies in Asia. Its median age is presently 38.1 years, 13.7 years greater than in 1980. Singapore has already pulled in many immigrants as a solution; currently, nearly a third of all those living in Singapore were born in other countries.

Table 1 Population, Singapore, Historic 2007-11

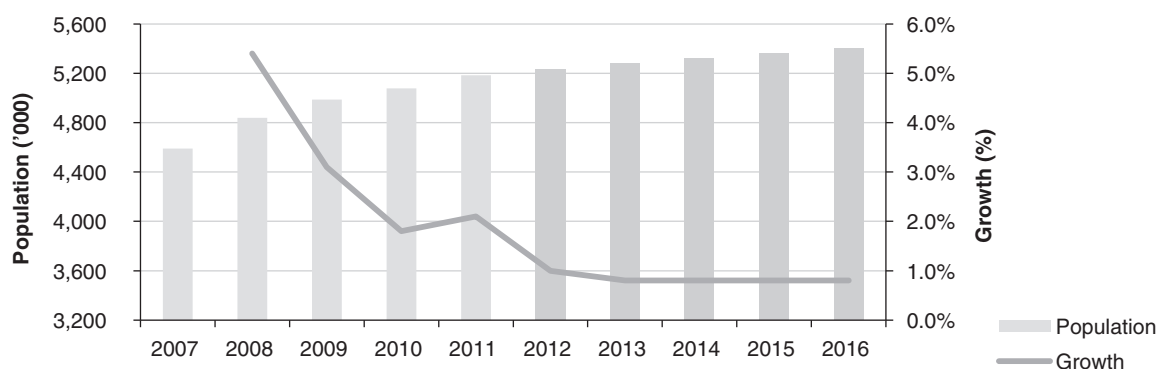
Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Population	'000	4,589	4,839	4,988	5,077	5,184	3.1%
Growth	%	—	5.4%	3.1%	1.8%	2.1%	—

Source: Euromonitor International

Table 2 Population, Singapore, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Population	'000	5,234	5,277	5,318	5,359	5,401	0.8%
Growth	%	1.0%	0.8%	0.8%	0.8%	0.8%	—

Source: Euromonitor International

Chart 1 Population, Singapore, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

Gross domestic product ("GDP")

Singapore's GDP rebounded sharply after a slight contraction of 0.5% in 2009 due to the financial crisis, registering double-digit year-on-year growth in 2010. This evened out GDP growth over 2007-2011 to a CAGR of 5.1%, bringing total GDP to SGD 327 billion in 2011. GDP is forecasted to grow at 6.2% CAGR over 2012-2016. GDP per capita, likewise, moved in tandem with GDP. This lowered the 2007-2011 CAGR to 2.0%, but is forecasted to recover over the next five years at 5.4%.

Table 3 GDP, Singapore, Historic 2007-11

Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
GDP	SGD'm	267,630	268,772	270,013	310,037	326,832	5.1%
GDP per capita	SGD	58,320	55,543	54,133	61,067	63,046	2.0%

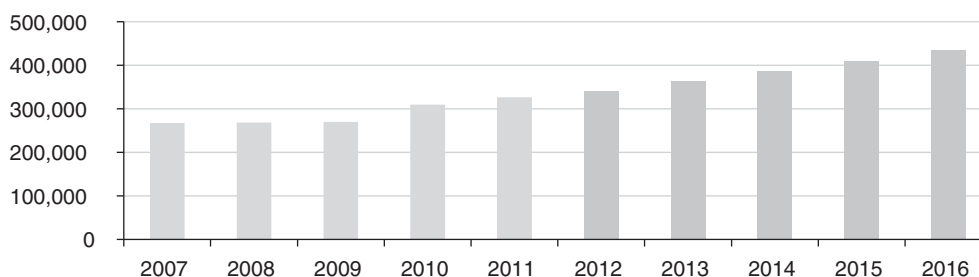
Source: Euromonitor International

Table 4 GDP, Singapore, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
GDP	SGD'm	341,988	363,462	386,313	410,188	435,131	6.2%
GDP per capita	SGD	65,340	68,877	72,643	76,542	80,565	5.4%

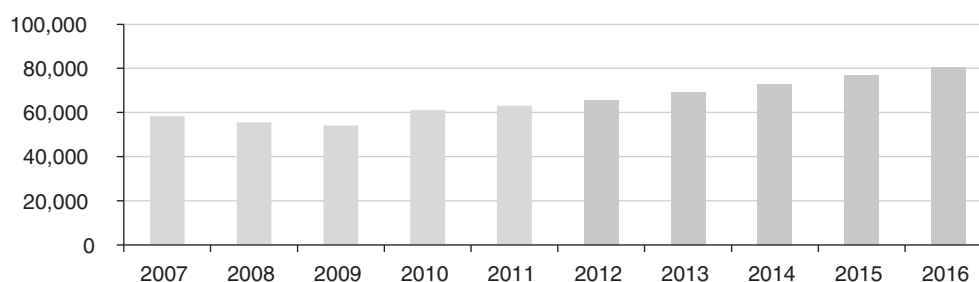
Source: Euromonitor International

Chart 2 GDP (SGD'm), Singapore, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Chart 3 GDP per capita (SGD), Singapore, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Annual household disposable income

Over 2007-2011, the poorest (Decile 1) and richest (Decile 10) Singaporeans saw their annual household disposable income grow the least at 0.7% and 1.3% CAGR respectively. For Singaporeans in Decile 1, annual household disposable income was hardest hit in 2010 when it experienced a contraction of 7.3%. As a comparison, other Deciles experienced contractions between 0.8% and 4.2% in 2009. Singaporeans in Decile 10 felt the effects of the financial meltdown in 2008 and 2009, but were able to recover in 2011 at 7.1% year-on-year growth.

Annual household disposable income is expected to stabilise in the coming five years, with all Singaporean households enjoying a CAGR of between 4.1% and 5.0%.

Table 5 Average annual household disposable income by decile, Singapore (SGD), Historic 2007-11

Decile	2007	2008	2009	2010	2011	CAGR07-11
1	11,416	11,781	11,914	11,044	11,733	0.7%
2	25,792	26,643	26,418	25,969	27,619	1.7%
3	38,418	39,674	38,946	39,431	41,962	2.2%
4	51,407	53,044	51,719	53,395	56,850	2.5%
5	65,764	67,776	65,741	68,856	73,344	2.8%
6	82,641	85,020	82,120	86,974	92,684	2.9%
7	103,938	106,666	102,665	109,666	116,922	3.0%
8	133,706	136,710	131,200	140,961	150,375	3.0%
9	184,054	186,994	179,096	192,649	205,680	2.8%
10	392,967	387,546	373,600	386,079	413,311	1.3%

Source: Euromonitor International

Note: Figures converted from USD based on year on year exchange rates.

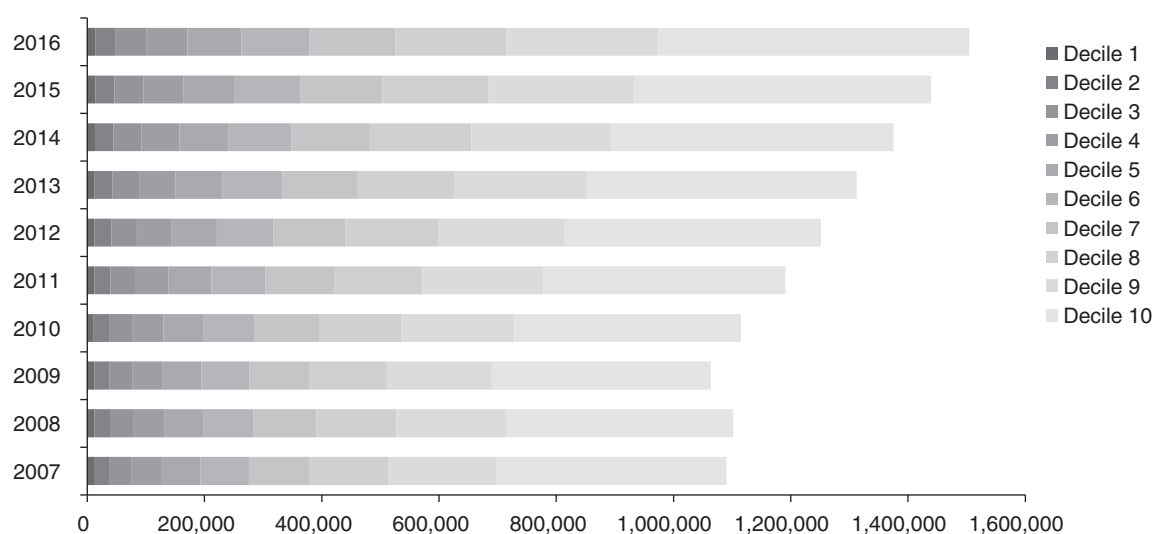
Table 6 Average annual household disposable income by decile, Singapore (SGD), Forecast 2012-16

Decile	2012	2013	2014	2015	2016	CAGR12-16
1	12,179	12,698	13,225	13,757	14,295	4.1%
2	28,765	30,039	31,337	32,652	33,983	4.3%
3	43,785	45,766	47,789	49,838	51,918	4.4%
4	59,403	62,133	64,924	67,755	70,631	4.4%
5	76,729	80,303	83,958	87,669	91,445	4.5%
6	97,069	101,648	106,332	111,093	115,942	4.5%
7	122,590	128,442	134,438	140,534	146,750	4.6%
8	157,860	165,497	173,328	181,301	189,437	4.7%
9	216,262	226,906	237,832	248,970	260,351	4.7%
10	436,475	458,957	482,126	505,831	530,128	5.0%

Source: Euromonitor International

Note: Figures converted from USD based on year on year exchange rates.

Chart 4 Average annual household disposable income by decile (SGD), Singapore, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Consumer expenditure

Consumer expenditure grew at a CAGR of 6.1% over 2007-2011, and this is expected to continue over 2012-2016 at 5.9%. Consumer expenditure per capita grew at a slower rate of 2.9% CAGR over 2007-2011 as a result of the growing population and effects of the global financial collapse. This is forecasted to recover over the five years, registering a CAGR of 5.0% over 2012-2016.

Table 7 Consumer expenditure, Singapore, Historic 2007-11

Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Consumer expenditure .	SGD'm	96,294	105,087	102,807	110,522	121,992	6.1%
Consumer expenditure per capita	SGD	20,984	21,717	20,611	21,769	23,532	2.9%

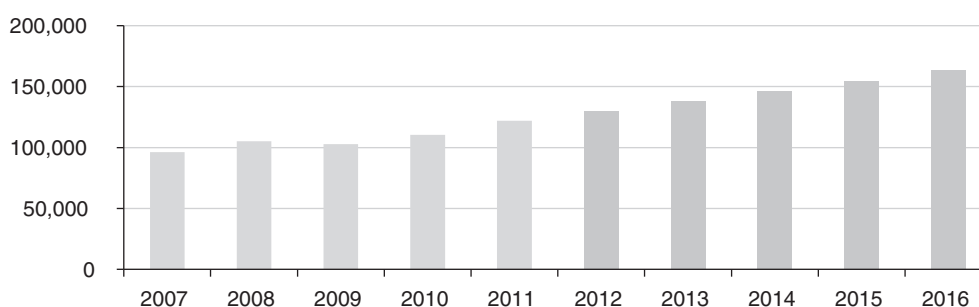
Source: Euromonitor International

Table 8 Consumer expenditure, Singapore, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Consumer expenditure .	SGD'm	130,213	137,943	146,286	154,763	163,476	5.9%
Consumer expenditure per capita	SGD	24,878	26,140	27,508	28,879	30,268	5.0%

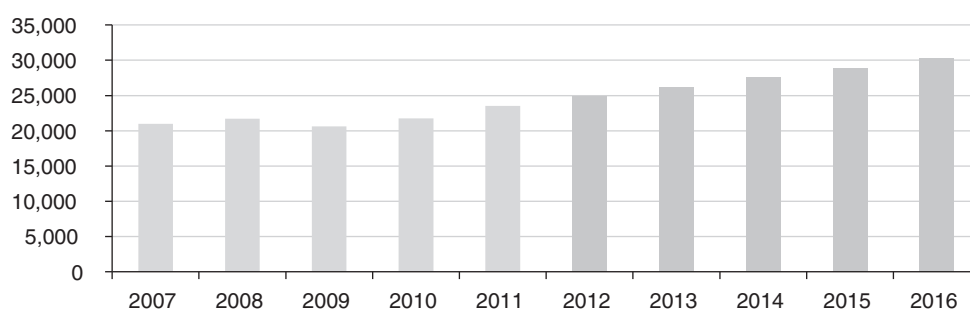
Source: Euromonitor International

Chart 5 Consumer expenditure (SGD'm), Singapore, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Chart 6 Consumer expenditure per capita (SGD), Singapore, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Macroeconomic environment in Malaysia

Population

Malaysia's population of 28.6 million (2011) has been growing at a constant 1.4-1.5% year-on-year. This is expected to continue over the next five years, albeit at a slightly lower rate of 1.3%, bringing Malaysia's total population to 30.6 million by 2016. It should be noted that Malaysians are increasingly seeking long-term employment overseas where wages and opportunities are perceived as more favourable. Hence, its in-country population may be slightly lower.

Table 9 Population, Malaysia, Historic 2007-11

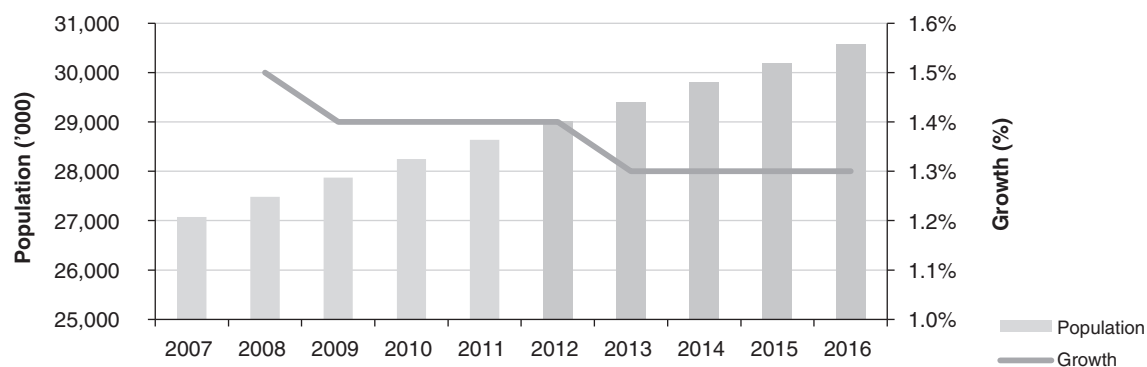
Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Population	'000	27,071	27,482	27,874	28,251	28,634	1.4%
Growth	%	—	1.5%	1.4%	1.4%	1.4%	—

Source: Euromonitor International

Table 10 Population, Malaysia, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Population	'000	29,021	29,411	29,800	30,188	30,574	1.3%
Growth	%	1.4%	1.3%	1.3%	1.3%	1.3%	—

Source: Euromonitor International

Chart 7 Population, Malaysia, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

GDP

Like most countries, Malaysia felt the impact of the global financial meltdown in 2009; its GDP contracted by 8.4% as its export driven market came to a standstill. Likewise, its GDP per capita contracted by 9.7%. In 2010, however, the Malaysian economy was able to recover at 12.7% GDP growth and 11.2% growth for GDP per capita. Malaysia's GDP registered a CAGR of 7.4% over 2007-2011, bringing total GDP to MYR 853 billion. This is expected to rise to 7.9% CAGR over 2012-2016. GDP per capita grew at a CAGR of 5.9% over the last five years, and is forecasted to rise to 6.5% over the next five years.

Table 11 GDP, Malaysia, Historic 2007-11

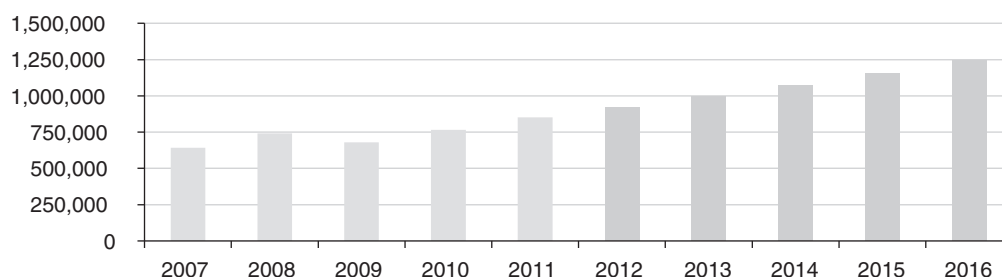
Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
GDP	MYR'm	642,049	742,470	679,938	765,984	852,672	7.4%
GDP per capita	MYR	23,717	27,017	24,393	27,114	29,778	5.9%

Source: Euromonitor International

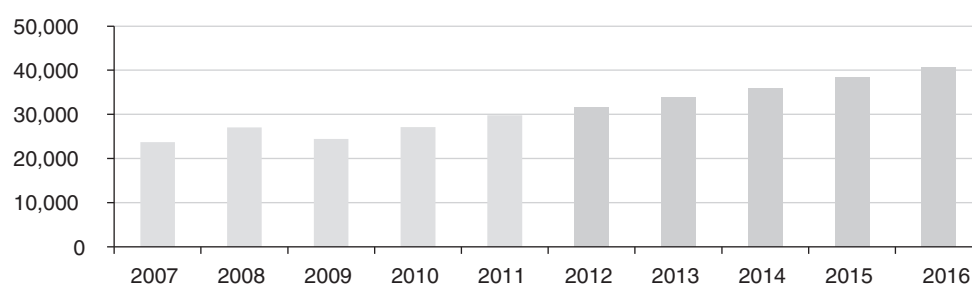
Table 12 GDP, Malaysia, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
GDP	MYR'm	920,525	993,496	1,072,252	1,155,825	1,245,909	7.9%
GDP per capita	MYR	31,719	33,780	35,982	38,288	40,751	6.5%

Source: Euromonitor International

Chart 8 GDP (MYR'm), Malaysia, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

Chart 9 GDP per capita (MYR), Malaysia, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

Annual household disposable income

Malaysia's average annual household disposable income grew at an impressive 10.4%-12.3% in 2008, but dipped to the point of contraction in 2009. The poorer Malaysians were hit hardest with household disposable income shrinking by -2.7% (Decile 1) and -2.1% (Decile 5) in 2009, and registered the lowest post-crisis recovery rates between 4.9% (Decile 1) and 5.3% (Decile 5) in 2010. On the other hand, their wealthier counterparts experienced contractions between -2.0% (Decile 6) and -0.9% (Decile 10) in 2009, and post-crisis recovery rates between 5.3% (Decile 6) and 6.2% (Decile 10). This highlights growing income inequality in Malaysia.

Annual household disposable income is expected to taper down slightly over the next five years, registering CAGRs between 4.4% and 5.8%. In comparison, annual household disposable income grew between 4.7% and 6.4% CAGR over 2007-2011.

Table 13 Average annual household disposable income by decile, Malaysia (MYR), Historic 2007-11

Decile	2007	2008	2009	2010	2011	CAGR 07-11
1	6,453	7,121	6,927	7,263	7,754	4.7%
2	13,381	14,796	14,431	15,158	16,212	4.9%
3	19,112	21,161	20,671	21,726	23,262	5.0%
4	24,888	27,582	26,977	28,374	30,407	5.1%
5	31,224	34,640	33,911	35,695	38,284	5.2%
6	38,688	42,962	42,099	44,340	47,595	5.3%

Decile	2007	2008	2009	2010	2011	CAGR 07-11
7	48,194	53,574	52,558	55,392	59,514	5.4%
8	61,743	68,720	67,507	71,210	76,592	5.5%
9	85,506	95,346	93,832	99,107	106,766	5.7%
10	202,612	227,606	225,586	239,520	259,629	6.4%

Source: Euromonitor International

Note: Figures converted from USD based on year on year exchange rates.

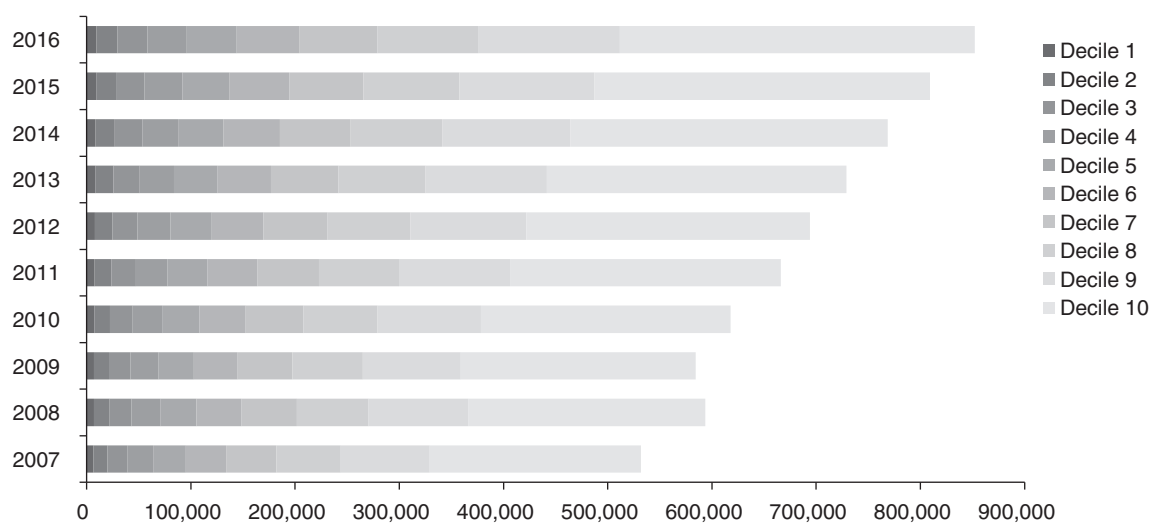
Table 14 Average annual household disposable income by decile, Malaysia (MYR), Forecast 2012-16

Decile	2012	2013	2014	2015	2016	CAGR 12-16
1	7,994	8,317	8,682	9,065	9,482	4.4%
2	16,749	17,461	18,261	19,095	20,002	4.5%
3	24,064	25,114	26,295	27,521	28,848	4.6%
4	31,489	32,886	34,462	36,099	37,861	4.7%
5	39,678	41,473	43,494	45,590	47,839	4.8%
6	49,373	51,646	54,208	56,855	59,691	4.9%
7	61,797	64,697	67,965	71,334	74,940	4.9%
8	79,623	83,448	87,754	92,188	96,917	5.0%
9	111,179	116,693	122,907	129,279	136,056	5.2%
10	272,218	287,439	304,674	322,150	340,530	5.8%

Source: Euromonitor International

Note: Figures converted from USD based on year on year exchange rates.

Chart 10 Average annual household disposable income by decile, Malaysia (MYR), Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Consumer expenditure

Consumer expenditure grew at a CAGR of 8.1% over 2007-2011, and this is expected to continue over 2012-2016 at 7.6%. Consumer expenditure per capita grew at a slower rate of 6.6% CAGR over 2007-2011, and this is forecasted to continue over the next five years, registering a CAGR of 6.2% over 2012-2016.

Table 15 Consumer expenditure, Malaysia, Historic 2007-11

Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Consumer expenditure .	MYR'm	322,345	363,764	368,823	399,680	440,659	8.1%
Consumer expenditure per capita	MYR	11,907	13,236	13,232	14,147	15,389	6.6%

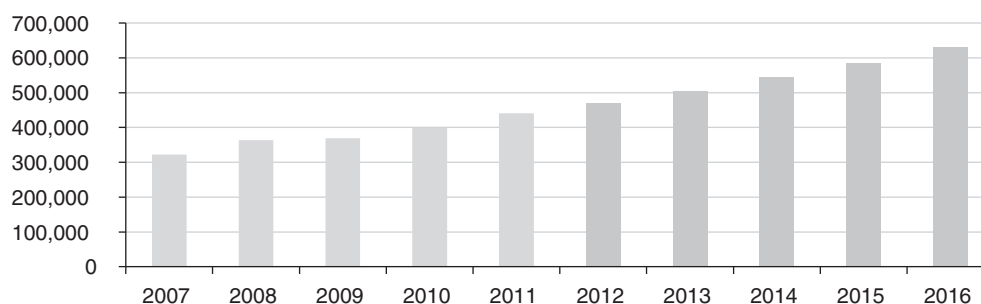
Source: Euromonitor International

Table 16 Consumer expenditure, Malaysia, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Consumer expenditure .	MYR'm	470,372	505,643	545,307	586,402	630,332	7.6%
Consumer expenditure per capita	MYR	16,208	17,192	18,299	19,425	20,617	6.2%

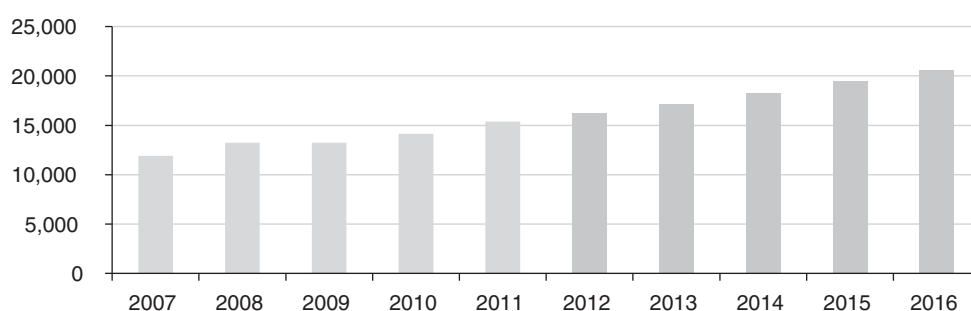
Source: Euromonitor International

Chart 11 Consumer expenditure (MYR'm), Malaysia, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Chart 12 Consumer expenditure per capita (MYR), Malaysia, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

THE ELECTRONICS, APPLIANCES, FURNITURE AND FURNISHINGS RETAILING INDUSTRY

The electronics, appliances, furniture and furnishings retailing industry in Singapore

Market overview

Electronics, appliances, furniture and furnishings retailers in Singapore saw a collective 6.3% growth from 2010, reaching a total value of SGD 4.8 billion in 2011. This is largely attributable to economic recovery from the 2008-09 global financial meltdown. In comparison, the market grew at only 2.4% in 2008, even contracting by 1.3% in 2009. In the post-crisis years, consumers became increasingly technologically savvy and willing to spend on latest electronic offerings. Concurrently, they are trading up to designer furniture and more lavish furnishings such as Marquis Studio, MARXX, Cellini and Lorenzo.

Over 2007-2011, the electronics, appliances, furniture and furnishings industry registered a CAGR of 3.0%. This is expected to grow at 4.9% CAGR over the next five years, reaching a total retail value of SGD 6.2 billion in 2016.

Table 17 Total retail value sales (excl. sales tax), Singapore, Historic 2007-11

Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Retail value sales . . .	SGD'm	4,272	4,373	4,318	4,519	4,803	3.0%
Growth	%	—	2.4%	-1.3%	4.7%	6.3%	—

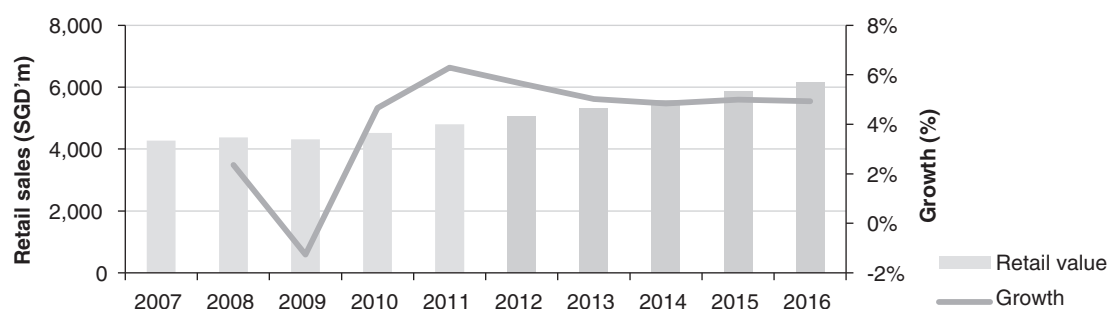
Source: Euromonitor International

Table 18 Total retail value sales (excl. sales tax), Singapore, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Retail value sales . . .	SGD'm	5,074	5,329	5,587	5,866	6,155	4.9%
Growth	%	5.6%	5.0%	4.8%	5.0%	4.9%	—

Source: Euromonitor International

Chart 13 Total retail value sales (excl. sales tax), Singapore, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

As of 2011, there existed 2,488 retail outlets selling electronics, appliances, furniture and furnishings in Singapore. This did not grow significantly over 2007-2011; CAGR for the period was only 0.9%. During the crisis years 2008 and 2009, year-on-year growth was even lower at 0.7% and 0.5% respectively. The number of outlets is expected to increase almost similarly by a CAGR of 1.2% from 2012-2016.

Table 19 Total number of outlets, Singapore, Historic 2007-11

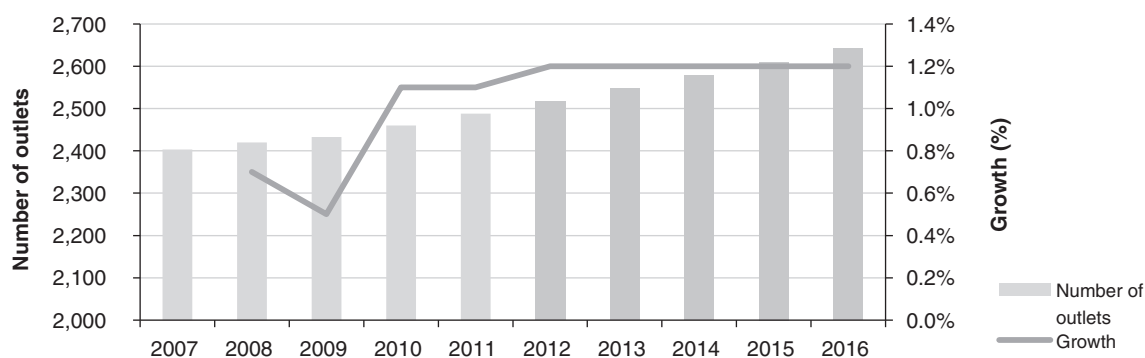
Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Number of outlets . . .	#	2,403	2,420	2,433	2,460	2,488	0.9%
Growth	%	—	0.7%	0.5%	1.1%	1.1%	—

Source: Euromonitor International

Table 20 Total number of outlets, Singapore, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Number of outlets . . .	#	2,517	2,547	2,578	2,610	2,642	1.2%
Growth	%	1.2%	1.2%	1.2%	1.2%	1.2%	—

Source: Euromonitor International

Chart 14 Total number of outlets, Singapore, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

Retail outlets are getting larger, as evident from the higher growth of total selling space compared to total number of outlets over 2007-2011, at a CAGR of 1.1%. This, however, took a dip in 2008 when total selling space decreased by 1.0% from 2007. Total selling space growth bounced back in the recovery years, registering year-on-year growth of 2.3% and 2.1% in 2010 and 2011 respectively. This is expected to continue over 2012-2016, which is forecasted to grow at a CAGR of 2.5% driven by expansion of existing players in the industry.

Table 21 Total selling space, Singapore, Historic 2007-11

Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Selling space	'000 sqm	600	594	601	615	628	1.1%
Growth	%	—	-1.0%	1.2%	2.3%	2.1%	—

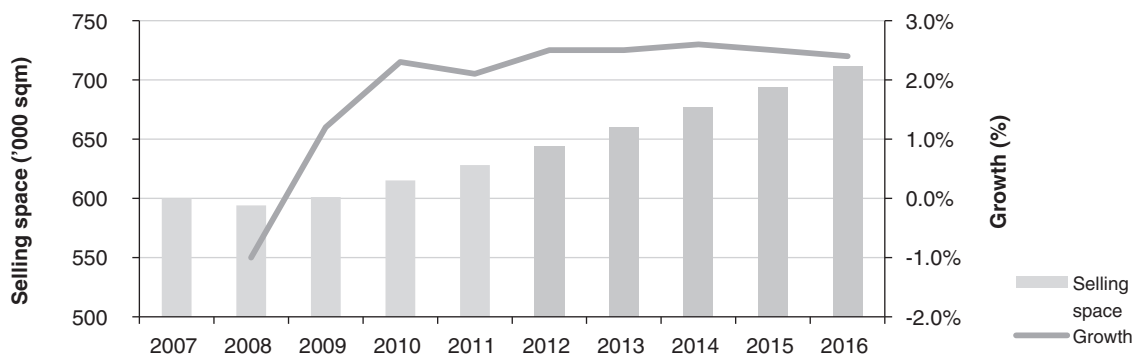
Source: Euromonitor International

Table 22 Total selling space, Singapore, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Selling space	'000 sqm	644	660	677	694	711	2.5%
Growth	%	2.5%	2.5%	2.6%	2.5%	2.4%	—

Source: Euromonitor International

Chart 15 Total selling space, Singapore, Historic 2007-11 & Forecast 2012-16



Source: Euromonitor International

Key trends and drivers

Economic recovery over 2010 and 2011 led to increased consumer confidence, boosting sales in the electronics, appliances, furniture and furnishings which were considered non-essential during the downturn.

While 2011 saw a rise in demand for designer products and aesthetics, their higher price points were only accessible to a niche, but growing, group of consumers. For this group, functionality alone is not enough. Furniture has to be stylish, quirky, even luxurious, and this demand has fuelled the growth of designer furniture boutiques such as Marquis Studio, which retails high-end European imports, and MARXX, which retails high-end modern furniture from London.

The majority of consumers, on the other hand, prefer to purchase the best quality products they can afford. Mass retailers such as Courts were thus able to enjoy a large customer base with an increased willingness to spend on large ticket items which they had previously cut back on during the recession. Still, while price remains an important consideration, quality and aesthetics are also gaining importance.

Technologically savvy consumers are more keen on keeping up with the fast-paced evolution of electronic gadgets and appliances, translating to higher sales for retailers. As such, retailers were seen widening their product portfolios to keep up with latest trends. Service staff also received more in depth training to improve their product knowledge.

2011 also witnessed the opening of new outlets, mainly by independent retailers who felt encouraged by a relatively stable economy to expand. These will face stiff competition from major chained retailers such as Courts, Best Denki and Ikea, which are likely to focus on price in order to retain and attract new customers.

Limited selling space for new store openings will be a challenge that all retailers will face in the coming years, along with increasing rental.

Competitive landscape

The electronics, appliances, furniture and furnishings industry is considerably fragmented, with the top five players accounting only for 33.1% of the total market size. In 2011, the top five leaders by sales value were, in descending order, Courts (Singapore) Pte Ltd ("Courts", 9.8%), Best Denki (Singapore) Pte Ltd ("Best Denki", 7.2%), Pertama Holdings Ltd ("Pertama", 6.7%), Challenger Technologies Ltd ("Challenger", 6.2%) and Ikano Pte Ltd ("Ikano", 3.1%). Pertama operates retail stores under the Harvey Norman brand, and Ikano operates retail stores under the IKEA brand, while the other companies run retail stores of their namesake.

Courts' total retail value sales excluding sales tax in 2011 was SGD 473 million. It fared very well over the last three years (2009-2011), registering an impressive 13.7% CAGR in retail value sales and 9.8% in market share. This was largely due to its wide product portfolio which is priced affably. Courts is also easily accessible as it operates numerous stores in Singapore. In addition, it benefited from strong brand equity as consumers generally associate Courts with quality products at affordable prices. The same can also be said for Ikea, which registered a CAGR of 7.9% over the same period. However, its total retail sales in 2011 was only 31.5% of Courts' at SGD 149 million due to limited points of sale.

The second and third largest players, Best Denki and Harvey Norman, grew modestly at a CAGR of 2.5% and 2.9% respectively over 2009-2011. Best Denki's total retail value sales excluding sales tax was SGD 347 million in 2011, 26.6% behind the market leader, while Harvey Norman's was SGD 320 million. Both companies regularly hold promotions offering discounts on their vast range of products which can be found numerous outlets across the island. They also enjoy strong brand equity as a result of print and radio marketing.

The fourth largest player, Challenger, saw the biggest increase in retail value sales excluding sales tax (24.5%) as well as value share (CAGR 25.0%) over 2009-2011 due to its four new store openings. This brings its outlets to 26 as of 2011, with a total selling space of 71,500 square metres. Expansion was undertaken as familiarity with IT and the need and desire for products ranging from computers to peripherals has increased within the population. Its total retail sales value excluding sales tax in 2011 was SGD 300 million.

Table 23 Top five retailers by retail value sales excl. sales tax, Singapore (SGD'm), Historic 2009-11

Rank	Company	2009	2010	2011	CAGR 09-11
1	Courts (Singapore) Pte Ltd	366	439	473	13.7%
2	Best Denki (Singapore) Pte Ltd	330	337	347	2.5%
3	Pertama Holdings Ltd	302	307	320	2.9%
4	Challenger Technologies Ltd	192	241	300	25.0%
5	Ikano Pte Ltd	128	141	149	7.9%
	Others	3,000	3,054	3,214	3.5%
	Total	4,318	4,519	4,803	5.5%

Source: Euromonitor International

Table 24 Top five retailers by retail value sales excl. sales tax, Singapore (%), Historic 2009-11

Rank	Company	2009	2010	2011
1	Courts (Singapore) Pte Ltd	8.5%	9.7%	9.8%
2	Best Denki (Singapore) Pte Ltd	7.6%	7.5%	7.2%
3	Pertama Holdings Ltd	7.0%	6.8%	6.7%
4	Challenger Technologies Ltd	4.4%	5.3%	6.2%
5	Ikano Pte Ltd	3.0%	3.1%	3.1%
	Others	69.5%	67.6%	66.9%
	Total	100%	100%	100%

Source: Euromonitor International

Table 25 Top five retailers by number of outlets, Singapore, Historic 2009-11

Rank	Company	2009	2010	2011	CAGR 09-11
1	OSIM International Ltd	25	39	37	21.7%
2	Challenger Technologies Ltd	22	22	26	8.7%
3	Pertama Holdings Ltd	14	13	13	-3.6%
4	Aussino Home Fashions Pte Ltd	12	12	12	0.0%
5	Courts (Singapore) Pte Ltd	9	11	12	15.5%
	Others	2,351	2,363	2,388	0.8%
	Total	2,433	2,460	2,488	1.1%

Source: Euromonitor International

Table 26 Top five retailers by number of outlets, Singapore (%), Historic 2009-11

Rank	Company	2009	2010	2011
1	OSIM International Ltd	1.0%	1.6%	1.5%
2	Challenger Technologies Ltd	0.9%	0.9%	1.0%
3	Pertama Holdings Ltd	0.6%	0.5%	0.5%
4	Aussino Home Fashions Pte Ltd	0.5%	0.5%	0.5%
5	Courts (Singapore) Pte Ltd	0.4%	0.4%	0.5%
	Others	96.6%	96.1%	96.0%
	Total	100%	100%	100%

Source: Euromonitor International

Table 27 Top five retailers by selling space ('000 sqm), Singapore, Historic 2009-11

Rank	Company	2009	2010	2011	CAGR 09-11
1	Challenger Technologies Ltd	61.6	61.6	71.5	7.7%
2	Ikano Pte Ltd	52.5	52.5	52.5	0.0%
3	Courts (Singapore) Pte Ltd	32.5	38.1	38.1	8.3%
4	Best Denki (Singapore) Pte Ltd	20.7	20.7	20.7	0.0%
5	White Collection Pte Ltd	19.3	19.3	19.3	0.0%
	Others	414	423	426	1.4%
	Total	601	615	628	2.2%

Source: Euromonitor International

Table 28 Top five retailers by selling space, Singapore (%), Historic 2009-11

Rank	Company	2009	2010	2011
1	Challenger Technologies Ltd	10.2%	10.0%	11.4%
2	Ikano Pte Ltd	8.7%	8.5%	8.4%
3	Courts (Singapore) Pte Ltd	5.4%	6.2%	6.1%
4	Best Denki (Singapore) Pte Ltd	3.4%	3.4%	3.3%
5	White Collection Pte Ltd	3.2%	3.1%	3.1%
	Others	69.0%	68.8%	67.8%
	Total	100%	100%	100%

Source: Euromonitor International

The electronics, appliances, furniture and furnishings retailing industry in Malaysia

Market overview

Electronics, appliances, furniture and furnishings retailers in Malaysia grew 1.5% from 2010 to reach MYR 8.1 billion in 2011. This was up from -0.8% from 2008 to 2009, reflecting a recovering economy and increased consumer confidence and spending. Like their Singaporean counterparts, Malaysian consumers postponed big-ticket expenditure during the financial crisis and resumed spending only from 2010 onwards.

Over 2007-2011, the electronics, appliances, furniture and furnishings industry in Malaysia registered a CAGR of 1.1%. This is expected to rise almost four-fold to 4.3% CAGR over the next five years, bringing total retail value sales to MYR 9.9 billion in 2016.

Table 29 Total retail value sales (excl. sales tax), Malaysia, Historic 2007-11

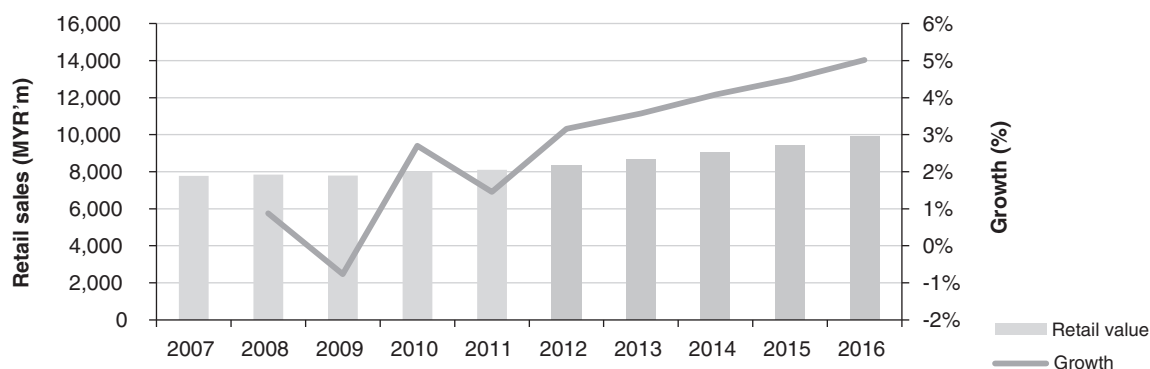
Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Retail value sales . . .	MYR'm	7,775	7,843	7,783	7,993	8,109	1.1%
Growth	%	—	0.9%	-0.8%	2.7%	1.5%	—

Source: Euromonitor International

Table 30 Total retail value sales (excl. sales tax), Malaysia, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Retail value sales . . .	MYR'm	8,365	8,664	9,018	9,424	9,897	4.3%
Growth	%	3.2%	3.6%	4.1%	4.5%	5.0%	—

Source: Euromonitor International

Chart 16 Total retail value sales (excl. sales tax), Malaysia, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

At the end of 2011, there were 3,862 retail outlets selling electronics, appliances, furniture and furnishings in Malaysia. This did not see a large growth over 2007-2011; CAGR for the period was only 0.5%. The retail scene is currently packed with a large base of retailers of all sizes and means; hence, CAGR for 2012-2016 is expected to grow at a moderate 0.3%.

Table 31 Total number of outlets, Malaysia, Historic 2007-11

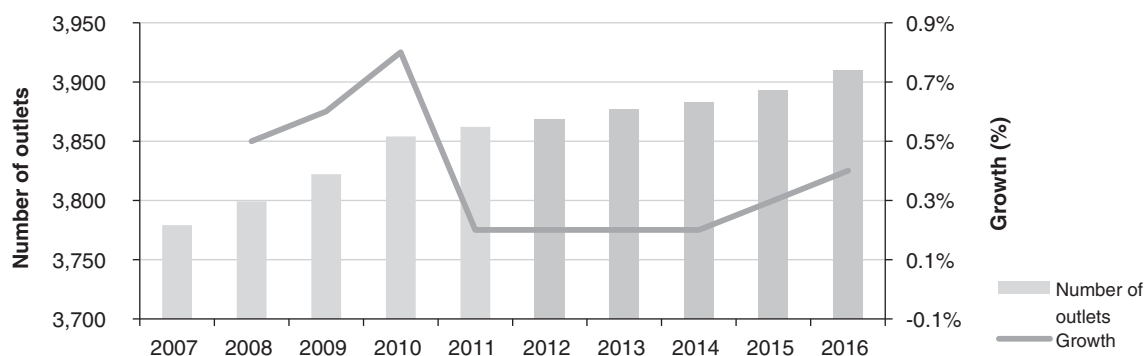
Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Number of outlets . . .	#	3,779	3,799	3,822	3,854	3,862	0.5%
Growth	%	—	0.5%	0.6%	0.8%	0.2%	—

Source: Euromonitor International

Table 32 Total number of outlets, Malaysia, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Number of outlets . . .	#	3,868	3,877	3,883	3,893	3,910	0.3%
Growth	%	0.2%	0.2%	0.2%	0.3%	0.4%	—

Source: Euromonitor International

Chart 17 Total number of outlets, Malaysia, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

Similar to Singapore, retail outlets in Malaysia are getting larger, as evident from the higher growth of total selling space compared to total number of outlets over 2007-2011, at a CAGR of 1.1%. Growth for 2012-2016 is forecasted at a CAGR of 0.6% due to the already-large selling space base.

Table 33 Total selling space, Malaysia, Historic 2007-11

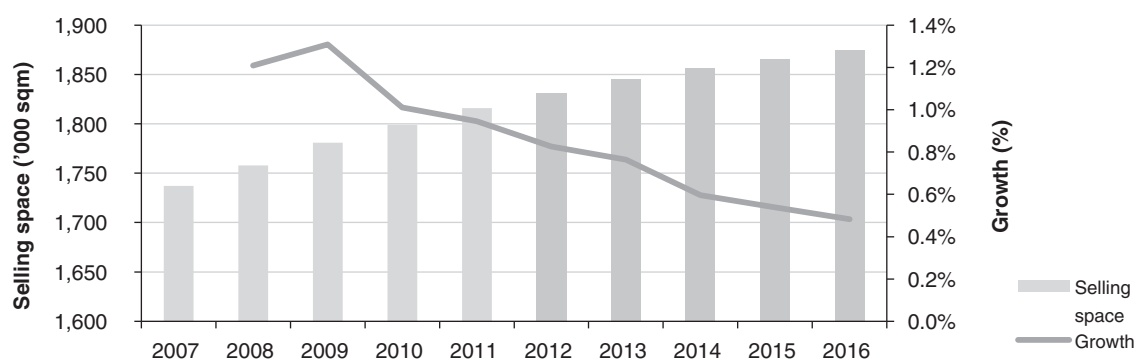
Indicator	Unit	2007	2008	2009	2010	2011	CAGR 07-11
Selling space	'000 sqm	1,737	1,758	1,781	1,799	1,816	1.1%
Growth	%	—	1.2%	1.3%	1.0%	0.9%	—

Source: Euromonitor International

Table 34 Total selling space, Malaysia, Forecast 2012-16

Indicator	Unit	2012	2013	2014	2015	2016	CAGR 12-16
Selling space	'000 sqm	1,831	1,845	1,856	1,866	1,875	0.6%
Growth	%	0.8%	0.8%	0.6%	0.5%	0.5%	—

Source: Euromonitor International

Chart 18 Total selling space, Malaysia, Historic 2007-11 & Forecast 2012-16

Source: Euromonitor International

Key trends and drivers

Consumer confidence — and spending — grew in tandem with economic recovery. Households which previously put off spending on non-essential large-ticket items such as electronics and furniture were more keen on spending in 2010. Electronics, appliances, furniture and furnishings specialty stores retained their position as the preferred distribution channel of such goods compared to hypermarkets, as they gave consumers the benefit of in-store customer service, as well as the opportunity to preview products before making purchases. The sheer range of products in these stores was also a drawing point.

Demand for such products appears to be steady as technologically savvy consumers are eager to trade up to new product launches which take place almost daily. However, this also means that retailers have to manage their inventory carefully as each product's novelty wears off quickly. This has pushed retailers to constantly offer discount promotions, slowing down value growth as prices were lowered.

For furniture and furnishings, the majority, middle-class consumers seem to be value conscious. While they do not mind spending more on these goods, they expect them to be functional, durable and aesthetically pleasing. The other two ends of the income spectrum are either extremely price-sensitive, or very willing to splurge on designer furniture. The former is likely to shop at hypermarkets, where furniture sold is commonly made of plywood instead of solid wood, and the latter patronise designer stores such as Lorenzo.

Electronics, appliances, furniture and furnishings retailers also faced rising pressure from other channels such as department stores and hypermarkets. Their unique selling point was the ability to offer consumers the convenience of finding everything under one roof, from simple groceries to more complex products like televisions and bed frames. Internet retailers are also expected to become popular with consumers as they are more convenient. Furthermore, with lower operating overheads, they are able to offer their products at more competitive rates. Still, these channels are not yet as sophisticated in terms of product knowledge, consumer interaction and customer service.

Competitive landscape

The electronics, appliances, furniture and furnishings industry in Malaysia is more fragmented than in Singapore, with the top five players accounting only for 24.8% of the total market size. In 2011, the top five leaders by sales value were, in descending order, Senheng Electric (KL) Sdn Bhd ("Senheng", 9.9%), Courts Mammoth Sdn Bhd ("Courts", 7.0%), Elitetrax Marketing Sdn Bhd ("Elitetrax", 3.2%), Ikano Corp Sdn Bhd ("Ikano", 3.1%) and Best Denki Malaysia Sdn Bhd ("Best Denki", 1.6%). Likewise, Elitetrax operates Harvey Norman and Ikano operates IKEA, while the other companies run retail stores of their namesake.

Local company Senheng led the competition with a 9.9% value share (MYR 800 million) in 2011. It also registered the highest value CAGR over 2009-2011 at 21.0%. This was due to its status as one of the most established electronics and appliance specialist retailers in Malaysia. With over 100 outlets nationwide, the company continued to gain popularity by offering rural customers access to good-quality electronics and appliance products at affordable prices. Senheng also garnered success due to its attractive customer membership scheme, sound customer care policies and provision of repair and maintenance services for its in-store products. This acknowledges the fact that its lower-income customers may not have the means to replace their faulty products and hence repairs would be a more affordable option.

Courts was the next leading player in the electronics, appliances, furniture and furnishings industry, with a value share of 7.0% (MYR 565 million) in 2011 and value CAGR of 11.6% over 2009-2011. This was due to its strong brand equity and status as one of the largest consumer electronics and furniture retailer in Malaysia. Armed with a network of 55 stores across the country

as well as a 1,200-strong staff, the company has established itself in Malaysia for more than 20 years. The company continued to win over consumers with its goal to be with its commitment to quality in-store customer service and an expansive range of affordable products.

Footfall at Courts stores was further boosted by the unveiling of its newly refurbished flagship outlet in Setapak, an event which featured the appearance of English football star Joe Cole. This rebranding strategy will be extended to all other existing stores over the next two years, aimed at informing consumers about flexible payment options and the new shopping environment. Courts today also offers tailor made sofas, and carries exclusive branded bedding.

Elitetrax is in third place at 3.2% value share (MYR 261 million) with its network of outlets concentrated in the states of Selangor and Pulau Pinang. It too registered impressive value growth over 2009-2011 at 15.1% CAGR. It continued to win over consumers with its wide range of goods that spanned kitchen appliances to computer peripherals to home entertainment. Its retail brand, Harvey Norman, will continue to be preferred over smaller ones due to its strong brand equity and proven track record of providing high-quality products at an affordable rate.

Ikano and Best Denki were fourth and fifth by value in 2011, holding 3.1% (MYR 255 million) and 1.6% (MYR 129 million) value share respectively. Ikano's IKEA stores won consumers over with its family-friendliness, with an in-store restaurant and play areas for children. IKEA enhanced its product offerings through its extensive catalogues and design suggestions. It also made use of social media to build customer rapport through contests and suggesting smart solutions for space-constrained homes. Another interesting marketing effort was a customised IKEA truck showcasing the latest home furnishing inspirations making its rounds ahead of the anticipated 2012 catalogue launch. While Ikano grew at a modest 3.3% CAGR in value terms over 2009-2011, Best Denki fell 7.6%; suggesting that it lost its foothold in Malaysia to other powerhouses.

Table 35 Top five retailers by retail value sales excl. sales tax, Malaysia (MYR'm), Historic 2009-11

Rank	Company	2009	2010	2011	CAGR 09-11
1	Senheng Electric (KL) Sdn Bhd	546	648	800	21.0%
2	Courts Mammoth Sdn Bhd	454	519	565	11.6%
3	Elitetrax Marketing Sdn Bhd	197	237	261	15.1%
4	Ikano Corp Sdn Bhd	239	253	255	3.3%
5	Best Denki Malaysia Sdn Bhd	151	164	129	-7.6%
	Others	6,196	6,172	6,099	-0.8%
	Total	7,783	7,993	8,109	2.1%

Source: Euromonitor International

Table 36 Top five retailers by retail value sales excl. sales tax, Malaysia (%), Historic 2009-11

Rank	Company	2009	2010	2011
1	Senheng Electric (KL) Sdn Bhd	7.0%	8.1%	9.9%
2	Courts Mammoth Sdn Bhd	5.8%	6.5%	7.0%
3	Elitetrax Marketing Sdn Bhd	2.5%	3.0%	3.2%
4	Ikano Corp Sdn Bhd	3.1%	3.2%	3.1%
5	Best Denki Malaysia Sdn Bhd	1.9%	2.1%	1.6%
	Others	79.6%	77.2%	75.2%
	Total	100%	100%	100%

Source: Euromonitor International

Table 37 Top five retailers by number of outlets, Malaysia, Historic 2009-11

Rank	Company	2009	2010	2011	CAGR 09-11
1	Senheng Electric (KL) Sdn Bhd	110	115	130	8.7%
2	Courts Mammoth Sdn Bhd	46	51	56	10.3%
3	Hock Sin Leong Group Bhd	40	35	29	-14.9%
4	Fella Design Sdn Bhd	15	15	15	0.0%
5	Best Denki Malaysia Sdn Bhd	13	13	10	-12.3%
	Others	3,598	3,625	3,622	0.3%
	Total	3,822	3,854	3,862	0.5%

Source: Euromonitor International

Table 38 Top five retailers by number of outlets, Malaysia (%), Historic 2009-11

Rank	Company	2009	2010	2011
1	Senheng Electric (KL) Sdn Bhd	2.9%	3.0%	3.4%
2	Courts Mammoth Sdn Bhd	1.2%	1.3%	1.5%
3	Hock Sin Leong Group Bhd	1.0%	0.9%	0.8%
4	Fella Design Sdn Bhd	0.4%	0.4%	0.4%
5	Best Denki Malaysia Sdn Bhd	0.3%	0.3%	0.3%
	Others	94.1%	94.1%	93.8%
	Total	100%	100%	100%

Source: Euromonitor International

Table 39 Top five retailers by selling space ('000 sqm), Malaysia, Historic 2009-11

Rank	Company	2009	2010	2011	CAGR 09-11
1	Senheng Electric (KL) Sdn Bhd	70.3	73.5	83.2	8.8%
2	Courts Mammoth Sdn Bhd	60.6	66.0	73.1	9.8%
3	Ikano Corp Sdn Bhd	25.1	25.1	25.1	0.0%
4	Elitetrax Marketing Sdn Bhd	19.3	19.3	22.5	8.0%
5	Hock Sin Leong Group Bhd	22.6	20.8	17.1	-13.0%
	Others	1,583	1,594	1,595	0.4%
	Total	1,781	1,799	1,816	1.0%

Source: Euromonitor International

Table 40 Top five retailers by selling space, Malaysia (%), Historic 2009-11

Rank	Company	2009	2010	2011
1	Senheng Electric (KL) Sdn Bhd	3.9%	4.1%	4.6%
2	Courts Mammoth Sdn Bhd	3.4%	3.7%	4.0%
3	Ikano Corp Sdn Bhd	1.4%	1.4%	1.4%
4	Elitetrax Marketing Sdn Bhd	1.1%	1.1%	1.2%
5	Hock Sin Leong Group Bhd	1.3%	1.2%	0.9%
	Others	88.9%	88.6%	87.8%
	Total	100%	100%	100%

Source: Euromonitor International

BUSINESS

OVERVIEW

Our Group is one of the leading electrical products, IT products and furniture retailers in Singapore and Malaysia, having had a retail presence for more than 35 years in Singapore and more than 25 years in Malaysia. We have a broad footprint across multiple store formats in both countries with 70 stores and more than 1 million sq. ft. of retail space generating S\$724.2 million of revenue and S\$62.5 million in earnings before interest and tax in FY Mar 2012. We believe that our Group has a strong brand with broad customer reach and favourable customer perceptions. Our Group's business model integrates retail and credit while offering a distinct value proposition for our customers. Our Group has been innovative in introducing various retail concepts, such as the Megastore 'big-box' concept, to Singapore and Malaysia.

We believe that the scale of our operations provides economies of scale, and together with our brand equity, we are able to negotiate terms with our suppliers and landlords that are advantageous to us. In particular, we believe that our size, reputation and long-standing relationships with our suppliers allow us to secure competitive pricing and give us better access to inventory. We also obtain other benefits such as contributions from certain suppliers towards the cost of capital expenditure on new stores for renovations, and refurbishment programmes in existing stores. Such contributions are determined based on our review of trading terms with our suppliers on a yearly basis and calculated based on projected purchase volume and are also dependent on commercial negotiations between both parties. Our Group's scale and brand also help in securing suitable locations for our stores as landlords seek us out to be a tenant of their shopping malls in Singapore.

We offer a full range of payment options for our customers, from cash and credit cards to our unique in-house credit facilities. Our in-house credit facilities are marketed under the name 'Courts Flexi Plan' in Singapore and 'Courts Flexi Credit' in Malaysia. They give participating customers, who have satisfied our credit approval requirements, the option of paying for purchases by way of instalment payments over a period of up to 60 months, which is particularly attractive to our target customers due to the flexibility that we are able to provide in relation to the payment terms. Provision of the Courts Flexi Schemes, rather than outsourcing them, also enables us to fully retain the fees charged for such services. Participating customers maintain accounts under the Courts Flexi Schemes with us and are then able to make credit purchases up to pre-determined limits based on, among other factors, their monthly income.

We believe our credit operations give us a competitive advantage over our retail competitors, which generally do not offer in-house credit and have to rely on external credit providers such as credit card companies, banks and consumer finance companies. These external credit providers may not be as flexible as we are in providing facilities to customers and the retail operations of our competitors may be affected if the credit providers decide to limit access to credit. Service charges earned through the provision of such facilities accounted for 15.4% and 16.5% of total sales for FY Mar 2011 and FY Mar 2012 respectively. As at 31 March 2012, our Group had gross trade receivables (gross trade receivables includes unearned service charges before deducting allowance for impairment of receivables) of approximately S\$157.2 million and S\$300.6 million in Singapore and Malaysia, respectively, which represents our credit exposure.

Our Group also has a customer loyalty programme, branded 'Home Club', which offers loyal customers benefits and privileges at our Group's stores, including exclusive members' sales, promotions and discounts, thereby building customer loyalty and encouraging repeat purchases. As at 31 March 2012, our Group had more than 1.2 million Home Club members. In addition, we have over 273,000 customers under our Courts Flexi Schemes, of which approximately 83.9% of the customers in Singapore were repeat customers (being customers who have previously used our credit programme) and approximately 68.3% of the customers in Malaysia were repeat customers.

We plan to grow our business and increase profitability by improving existing store performance, growing our store footprint (particularly in Malaysia), innovating credit services, expanding online and other alternate trade channels and penetrating additional markets, such as Indonesia. While we have improved store performance (as measured by sales per sq. ft. and like-for-like sales growth) over the past few years, we believe that further improvement is achievable in both Singapore and Malaysia through optimising store formats, layouts and merchandise mix and by enhancing customers' shopping experience. The retail landscape in Malaysia for electrical products, IT products and furniture remains fragmented and we believe we will be able to leverage on our reputation and branding to expand our customer reach and market share there. Our Group has also identified areas in Singapore where we could potentially locate new stores.

HISTORY

Our Group has been operating in Singapore for over 35 years. We opened our first store in Singapore in 1974, primarily retailing furniture, and subsequently started retailing electrical products in the 1980s. In 1987, we opened our first Malaysia store in Johor, Malaysia, which sold both furniture and electrical products. Since then, our Group has been expanding our store network throughout Singapore and Malaysia and has added IT products to our merchandise offering in the late 1990s. Today, electrical and IT products account for the majority of our Group's sales.

In 1992, our subsidiary, CSL, was listed on the SGX-ST. In 2000, our Malaysian subsidiary, CMB, was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia). While CSL and CMB were listed on the respective stock exchanges, each business operated autonomously under separate management teams. Until 2007, the controlling shareholder of CSL and CMB was Courts plc, a company based in the United Kingdom which went into administration in 2004.

Between 2007 and 2009, ARG, through its subsidiaries, acquired CSL and CMB in a series of transactions, with the aim of consolidating the assets, strategy and operations of CSL and CMB, and rationalising and restructuring their operations. CSL and CMB were delisted from their respective stock exchanges in Singapore and Malaysia. ARG is an investment company jointly owned by BPEA, Topaz, Standard Bank plc and DB International (Asia) Limited. See "Ownership of the Shares — Change in Control of our Group". Both CSL and CMB were then unified under a new senior management team, comprising primarily the incumbent senior management of CSL, which was appointed to run the combined Singapore and Malaysia businesses, thereby allowing our Group to enjoy economies of scale and leverage regional synergies.

The senior management team (which remains largely unchanged today) then embarked on a comprehensive turnaround plan to transform our Group from one with declining revenues and profits into a profitable and cash generating business. The turnaround plan involved a number of key initiatives including:

- centralising management for the region and streamlining the reporting structure of our Group;
- disposing of operations in Thailand and Indonesia, and closing unprofitable stores in Malaysia and Singapore. See "Group Structure" for more details;
- rationalising the store footprint in Singapore and Malaysia by closing unprofitable stores and refurbishing and/or relocating others;
- focusing store management and staff on driving overall Group profitability through improving store operations, like-for-like sales growth and other operational metrics;
- introducing enhanced credit processes, such as streamlined approval procedures, centralised monitoring of our Group's overall and individual store credit activities, tighter controls, new collection procedures;

- terminating unprofitable credit promotions;
- innovating store formats and retail concepts such as the Megastore ‘big-box’ format and various ‘customer experience’ areas where customers may touch, feel, use and generally experience products before purchasing;
- reintroducing the IT products segment to Malaysia in 2007, which typically features higher sales velocity;
- revamping our Group’s furniture range in Singapore to better cater to customer needs; and
- outsourcing our Group’s warehousing and logistics functions in Malaysia and increasing the overall proportion of furniture delivered directly from suppliers in Singapore.

As a result of the above initiatives and senior management’s committed drive in implementing these initiatives, our Group has successfully turned around to become a financially strong and profitable business with a solid platform for growth.

COMPETITIVE STRENGTHS

Our management believes that our Group is well-positioned to compete in the electrical products, IT products and furniture retail markets in Singapore and Malaysia and our key competitive strengths are:

Substantial scale and competitive cost structure with a distinct value proposition

We believe that the scale of our operations provides economies of scale, and together with our brand equity, we are able to negotiate terms with our suppliers and landlords that are advantageous to us. In particular, we believe that our size, reputation and long-standing relationships with our suppliers allow us to secure competitive pricing and give us better access to inventory. We also obtain other benefits such as contributions from certain suppliers towards the cost of capital expenditure on new stores and refurbishment programmes in existing stores. See “— Suppliers — Supplier relationships”. Our Group’s scale and brand also help in securing suitable locations for our stores as landlords seek us out to be a tenant of their shopping malls in Singapore.

In order to manage and keep our lease costs lower than that of our major direct competitors, we believe that selecting suitable locations is key and we seek to maintain a balance between shopping mall and non-mall locations in our store portfolio, as well as to strategically locate our stores in suburban areas. We believe this generally translates to competitive rental costs and a relatively lower fixed cost base for our Group than if all our stores were located in urban downtown areas. Based on ongoing reviews of our retail network, we have closed and continue to evaluate and close loss-making and under-performing stores, as well as refurbish older format stores.

Over the years, our Group has continually implemented productivity and cost saving initiatives. These initiatives include:

- introducing flexible compensation structures for our senior management and employees, where an element of remuneration is performance-variable, thereby lowering fixed costs;
- reducing logistics costs and rationalising headcount, for example, by outsourcing warehousing and distribution functions in Malaysia, and by increasing arrangements with manufacturers and suppliers to deliver purchases directly to customers; and
- enhancing credit approval, monitoring and collection process, especially in Malaysia, which has translated into a reduction in the amount of bad debts written off from FY Mar 2010 to FY Mar 2012 and an overall decrease in credit costs for both Singapore and Malaysia. See “— Credit Operations”.

In addition, our Group offers a distinct value proposition to customers — our ‘Courts Price Promise 2012’. We promise customers ‘the lowest price guaranteed which is checked daily, on the world’s top brands’. Our Courts Price Promise 2012 also promises customers a refund of double the price difference if a lower price is found for their purchase elsewhere we are able to verify the proof provided to us. Instead of lucky draws typically offered by peers in the industry, we give customers a discount, or a free gift which can be used by customers together with their purchase. Our Courts Price Promise 2012 also includes a seven day exchange policy and offers customers the chance to participate in the Courts Flexi Schemes. This promise gives customers confidence to shop and purchase products at our stores and, we believe this has been a key driver of sales and differentiates our Group from our competitors in the minds of customers. This belief was further supported by a survey we recently commissioned which reflected a high awareness of our Group and our promotions among consumers in Singapore.

We are able to provide this promise because of our scale and focus on reducing costs. We have also expanded our consumer reach through social media and by synergising our media strategy with the negotiation of added benefits from suppliers and we are able to offer greater value to our customers. See also “— Strategy — Expand online and other alternate trade channels and product offerings.” As noted above, our scale enables our Group to negotiate advantageous terms with suppliers and spread overheads over a large revenue base which combined with productivity and cost-reducing initiatives enable our Group to keep our promise while generating a profit.

Strong brand recognition and consumer perception arising from innovative retailing concepts

We have operated stores in Singapore for more than 35 years and in Malaysia for more than 25 years, during which we have established ourselves as one of the leading retailers of our core products in the electrical, IT and furniture segments. Our ‘Courts’ brand has also received several accolades for overall excellence in Singapore and Malaysia, including the prestigious ‘The Brand Laureate’ award in 2008 for “Best Brand in Home Furnishing & Electronics” from the Asia Pacific Brands Foundation in Malaysia. In addition, we have also received awards in recognition of our excellence in various areas, including the People Developer certification for excellence in people development in 2006, 2009 and 2010, the Singapore Service Class (S-Class) certification for excellence in customer service from SPRING Singapore, a governmental agency for enterprise development, in 2008 and 2012. We have received recognition from our customers and were HardwareZone Magazine’s Readers’ Choice for Best Consumer Electronics Megastore (Singapore) in 2012. CSL also received the 2012 Best Multi Channel Retailer award from Smart Card Awards Asia for being a retailer committed to engage consumers and for having demonstrated excellence in integrating our physical stores with online channels. Notably, CSL received the CaseTrust Gold accreditation from the Consumers Association of Singapore in February 2011, which has only been awarded to 5 companies in Singapore. CSL is the only electrical, IT and furniture retailer to be awarded the CaseTrust Gold accreditation. See “— Awards and Accreditations” for further details.

We believe that a key success factor that has enabled us to achieve our strong industry position in the countries in which we operate has been our innovative mindset which has led to the introduction of innovative retailing concepts. Examples of such concepts include:

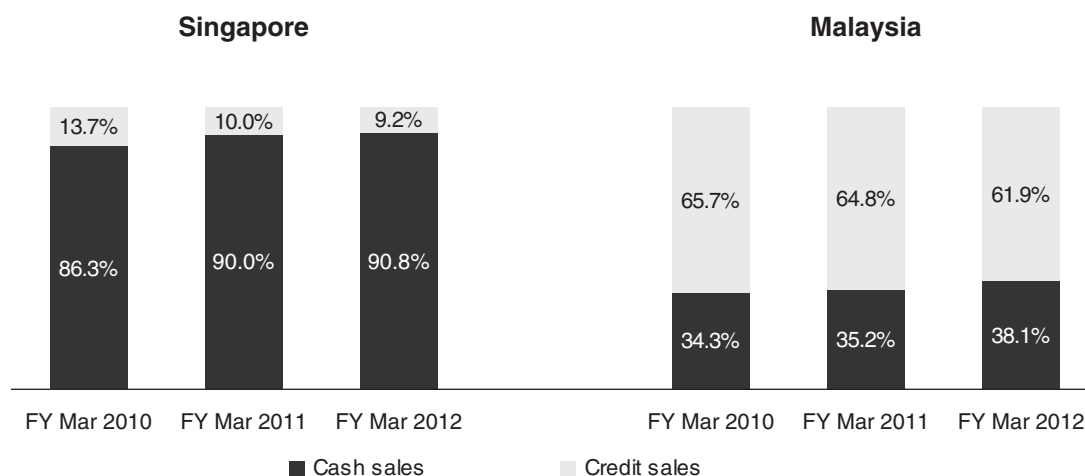
- Megastore ‘big-box’ concept for furniture, electrical and IT products;
- Customer ‘experience zones’ where customers can touch, feel, use and experience products before purchase;
- Sleep Clinic, a concept which offers customers ‘expert advice’ on choice of beds and bedding and allows for customisation of mattresses;
- Cool Zone — our in-store one-stop shop for air-conditioning needs;

- Dr Digital, which provides customers with a comprehensive IT consultation service;
- Sofa Maker that allows consumers to customise their sofas; and
- Market Hall dedicated to special promotions and exclusive offers.

While some of these concepts have since been adopted by others in the industry, we believe that these innovations keep our stores 'fresh', strengthen our brand and serve to attract customers. We believe that our increasing sales and store productivity may be partly attributed to the success of these concepts. Our Group will therefore continue to strive to innovate both organically and by importing and localising retailing concepts that have been successful in more developed retail markets.

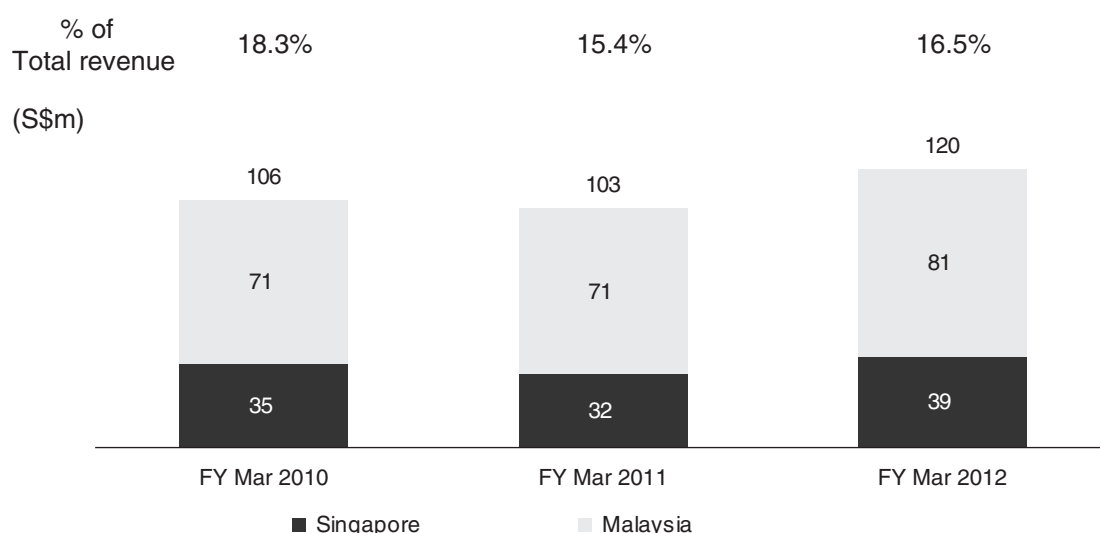
Unique business model leveraging on our Group's retail business by offering in-house credit facilities

Our Group is a leading electrical products, IT products and furniture retailer in Singapore and Malaysia. While we offer a full range of payment options that includes cash and credit cards, we differentiate ourselves from our competitors and seek to maximise our sales and profitability by offering in-house credit to certain of our customers under the Courts Flexi Schemes. These schemes give participating customers, the option of paying for their purchases by way of instalment payments over a period of up to 60 months. The Courts Flexi Schemes are also particularly attractive to customers who are unwilling or unable to make full or large cash payments upfront, or are not able to secure credit from other third party credit providers, under similar terms or at all. In FY Mar 2012, 9.2% of our Group's sales in Singapore and 61.9% of our Group's sales in Malaysia were to customers paying through the Courts Flexi Schemes. The following table shows the breakdown of our Group's sales into cash sales and credit sales.



We believe our credit operations give us a competitive advantage over our retail competitors, who generally do not offer in-house credit and have to rely on external credit providers such as credit card companies, banks and consumer finance companies, who may not be as flexible as we are in providing such facilities. Conversely, we have historically extended in-house credit to our customers, subject to appropriate credit checks and approvals. With this unique business model, we believe we are capable of capturing a larger customer base compared to our competitors.

In addition, by providing the Courts Flexi Schemes, rather than outsourcing them, our Group is able to fully retain the fees charged for these schemes. These fees or 'earned service charges' are a key source of profits for our Group are not available to a pure retailer that does not provide such credit schemes. For FY Mar 2012, earned service charges from the provision of in-house credit facilities represented 16.5% of our Group's sales. The following table shows earned service charges as a percentage of total sales for FY Mar 2010, FY Mar 2011 and FY Mar 2012 respectively.



Furthermore, customers who purchase products using the Courts Flexi Schemes are far more likely to obtain additional services such as extended warranties as opposed to those who purchase products using cash or credit cards. Our Group is also able to utilise the information provided by these customers for targeted marketing efforts. In summary, the Courts Flexi Schemes enable us to target a broader range of customers, providing an additional income stream of earned service charges and extended warranty fees as well as valuable information about our credit customers that we can use for targeted marketing.

Large and loyal customer base, with over 1.2 million Home Club members, encouraging repeat purchases

As at 31 March 2012, we had over 1.2 million members of ‘Home Club’, our loyalty programme that offers members benefits and privileges at our stores, including exclusive members’ sales, promotions and discounts, thereby building customer loyalty and encouraging repeat purchases. See “— Sales and Marketing — Home Club Loyalty Programme” for further details on Home Club.

As at 31 March 2012, we had over 273,000 Courts Flexi Scheme customers. Once a Courts Flexi Scheme customer has completed the credit approval process and been granted a Courts Flexi Scheme facility, future purchases utilising that facility are expedited, representing a key competitive advantage in encouraging repeat purchases that helps to provide our Group with long term stable revenue streams. As at 31 March 2012, approximately 83.9% of the Courts Flexi Scheme customers in Singapore were repeat customers (being customers who have used our Group’s credit programme before) and approximately 68.3% of the Courts Flexi Scheme customers in Malaysia were repeat customers.

Through this loyalty programme and also through our Courts Flexi Schemes, we are able to monitor the buying patterns and payment histories of our customers as well as match them to identifiable customer demographic data. This in turn provides us with better insight into our customers and allows us to more accurately score a customer’s credit risk, which enables us to better match the Courts Flexi Schemes’ terms to specific products and customers’ risk profiles. We believe in the value of extensive quantitative and qualitative research in order to more accurately discern customer preferences and needs. To this end, we conduct periodic in-depth research, through direct methods such as in-store surveys of select groups of customers and questionnaires.

Market leader in a sector with barriers to entry

The electrical products, IT products and furniture retail industry in Singapore is led by large retailers, including our Group, with established stores in good locations. The scarcity of prime store locations, high start up costs, bargaining power of less established retailers and established

brand loyalty of consumers to incumbent players pose significant barriers to entry for potential entrants. We believe that access to prime retail space is key to the successful development of our Group's business, and the scale of our Group's operations and market presence gives us the ability to secure properties in prime locations at competitive rates. This may pose an additional barrier to entry for potential competitors which are not able to have access to or secure prime retail space.

Our Group's long operating history in Singapore and Malaysia has yielded a comprehensive understanding of the consumer base and its preferences, which is an edge that potential entrants would not have or be able to acquire in a short timeframe. Over the years, through Home Club and Courts Flexi Schemes, we have also amassed a useful database of customer information collated from our sizeable customer base and extensive historical credit data. This information is invaluable in determining how to position our business to best cater to customers, and would be difficult to replicate, thereby acting as an additional barrier to entry for potential competitors.

Experienced and professional senior management team

We have a highly motivated and professional senior management team, some of whom have been with us for over 15 years. This senior management team was responsible for conducting the strategic review of our Group in 2007, developing the turnaround plan for our Group and successfully implementing it. The team comprises local and international senior managers with global retailing experience and knowledge of the local market.

We believe the local experience of our senior management enables us to identify store locations with favourable characteristics, to better understand local consumer buying behaviour and to run successful store promotions around the multitude of festive and national holidays unique to Singapore and Malaysia. Our senior management team continually reviews and adapts our Group's strategy in the changing local retail environment.

Our senior management team also actively implements profitability initiatives, and is committed to promoting a performance based culture. The track record of our team can be clearly seen in the growth of our Group's business and the stark improvement in profitability since our current senior management team started running the combined Singapore and Malaysia operations in 2007.

STRATEGY

Our Group believes that our core markets of Singapore and Malaysia continue to offer attractive opportunities for growth based on the economic growth prospects in these countries and in Malaysia, its relatively fragmented retail markets for electrical products, IT products and furniture. To capitalise on these opportunities, we have developed a growth strategy with the following key elements:

Improve existing store performance

We believe that improving the sales performance of our existing stores is a key part of our growth strategy. We continually seek to improve store performance by optimising merchandise mix, space allocation and product placement in each store on a regular basis in response to developments in customer preferences, behaviours and buying patterns. Our Group collects and analyses monthly store sales data and may change product mix to focus on certain products or promote specific product categories in response to such data.

Our Group also refurbishes our stores from time to time, typically once every 3 to 4 years, to update the store format and layout. A full productivity analysis is conducted prior to refurbishment based on the store's historical sales data and the new format and layout as well as space allocation, merchandise mix and placement are then designed to improve store productivity. The

store layout is also designed to enhance customers' overall shopping experience and hence increase the likelihood of them purchasing a product. On a smaller scale, our Group will continue to roll out 'consumer experience' areas where customers can 'touch and feel' the product and better experience the features and benefits of new products with the help of specially-trained employees.

Our Group's sales force is also trained to promote the latest product offerings as well as related accessories, warranties and services in order to enhance our consumers' experience and increase the productivity of the stores. In addition, the key performance indicators of our sales employees are aligned with this strategy, with sales targets set for different attachment products.

Grow store footprint

Our Group plans to grow our store network by an average of 6 stores a year in Malaysia and an average of 1 store a year in Singapore over the next 2 to 3 years and/or increase our retailing area by an average of 140,000 sq. ft. a year over the next 2 to 3 years, subject to market conditions.

In Malaysia, we perceive that the market for electrical and IT products is highly fragmented with no single dominant player and relatively limited market penetration outside the Klang Valley area. As such, we believe that there is significant potential for consolidation of existing retailers and expansion of our market share in key cities outside the Klang Valley area. At the same time, we have identified areas within the Klang Valley with attractive demographics (population density and growth income levels) where we may locate new stores. We are principally focused on increasing our store network in high traffic locations, specifically targeting suburban locations with high population densities and access to public transport. We have also introduced the Megastore 'big-box' concept into Kuala Lumpur and subsequently intend to bring these into our other stores in Malaysia. See "— Stores — Store Network — Malaysia" for details.

In Singapore, we are focused on increasing retail floor space and retail productivity at our existing stores. Our Group has entered into a lease at JEM retail mall in Jurong in order to better represent our Group in the Western region of Singapore. We have also identified other areas in Singapore with the potential to support new store openings.

The following chart reflects the number of lease agreements which we have entered into for the purposes of new store openings in the last 3 financial years and for the period commencing 1 April 2012 to the Latest Practicable Date.

Number of lease agreements entered into	Financial year ended 31 March			1 April 2012 to Latest Practicable Date
	2010	2011	2012	
Singapore.	0	2	4	1
Malaysia.	0	5	6	1
Total	0	7	10	2

In FY Mar 2011, our Company incurred capital expenditure amounting to RM8.3 million (S\$3.5 million) and S\$4.8 million for our leases for stores located in Malaysia and Singapore, respectively. In FY Mar 2012, our Company incurred capital expenditure amounting to RM14.9 million (S\$6.1 million) and S\$5.3 million for our leases for stores located in Malaysia and Singapore, respectively. We had in FY Mar 2012, also entered into a lease agreement for a store in Singapore which we expect to open in FY Mar 2014. For the period from the Latest Practicable Date to 31 March 2013, we expect to open 1 store in Singapore and 4 additional stores in Malaysia for which we have signed letters of offer for.

The following chart shows the number of stores that our Group opened in Malaysia and Singapore from FY Mar 2008 to the Latest Practicable Date.

Number of stores opened	Financial year ended 31 March					1 April 2012 to Latest Practicable Date
	2008	2009	2010	2011	2012	
Singapore.	1	1	0	3	2	0
Malaysia.	3	2	0	6	5	3
Total	4	3	0	9	7	3

For the period commencing 1 April 2012 to the Latest Practicable Date, our Company has entered into one lease agreement and is in the process of entering into a second lease agreement (in respect of a store in Setia City Mall in Selangor and AEON Ipoh in Perak in Malaysia) and 4 letters of offer in connection with the opening of 4 new stores in Malaysia (in respect of stores in Metro Square in Petaling Jaya, Mentakab Star Mall in Mentakab, a store in Sungei Petani in Kedah and a store in Jerteh). We opened a new store in Buona Vista in Singapore on 22 September 2012. Accordingly, our Group has incurred and also expects to incur an aggregate of approximately RM5.2 million and S\$576,000 respectively in respect of these leases.

Innovate credit services

Our Group views our credit operations as integral to and synergistic with our retail operations. We intend to develop our credit operations further by introducing new credit products and initiatives over the next few years to better cater to the different needs and preferences of our customers. These innovations may include more flexible repayment terms, risk-based pricing or revolving credit options, as well as bundling of product warranties and coverage for our products with purchased credit schemes.

Our Group has also introduced new credit products to expand our customer base. These new products included ‘SmartRent’, a facility for customers to rent products instead of purchasing them, and ‘S & E Pass Flexi Plan’, a facility for foreign workers and expatriates in Singapore who may not have access to credit facilities. We believe that we are the first retailer in Singapore to offer these credit products, which are targeted at a certain segment of the Singapore population. We usually test consumers’ feedback on new products and promotions in Singapore before rolling them out in Malaysia.

We intend to expand our focus to include maximising credit spending of our existing customers through targeted marketing campaigns, and developing new channels for loan applications, such as our eCourts website. We will also focus on improving our marketing efforts to encourage a wider range of existing and potential customers to participate in the Courts Flexi Schemes.

We believe that improving the appeal of these credit facilities will increase the number of customers who open and maintain credit accounts with our Group. Such increase will not only increase sales and profits but will also enable our Group to better understand consumers’ purchasing and payment behaviour, which in turn will allow us to better manage our customer relationships and encourage repeat purchases by targeting consumers with tailored product offerings. See “— Credit Operations” for details.

Expand online and other alternate trade channels and product offerings

We launched ‘eCourts’ (www.courts.com.sg), our online platform in Singapore in December 2009. We believe that with eCourts, we are the only established electrical, IT or furniture retailer of scale in Singapore to offer a complete online shopping solution from browsing to encrypted payment and delivery. In order to provide an alternative channel for our customers and pre-empt competition from online retailers, our Group re-launched eCourts in Singapore on 1 October 2012 with a targeted marketing drive to increase online traffic and sales. We believe that the re-launched

eCourts will provide a value proposition for our customers, particularly with our associated credit offerings, and will help to differentiate us from our major competitors who continue to use the internet mainly as a marketing tool.

Our Group further reaches out to consumers through social media such as Facebook and Twitter. Our ability to utilise social media effectively is reflected in the responses from customers and increase in customers who come to our stores for our promotions which are only advertised through these channels.

In addition to our online platform and social media presence, we intend to expand through alternative channels such as trade shows, which allow us to showcase our product offerings to a large customer audience and raise consumer awareness of the Courts brand. Based on past experience, we also believe that trade shows are highly cash-generative, and may help to boost working capital and operating cashflows.

Besides expanding through trade channels, our Group intends to offer new products. Adjacent product categories such as office solutions and lighting could be offered in conjunction with our Group's current product portfolio, or bundled with existing products to be positioned as complete solutions. We intend to focus on products in the mobile phone space and related accessories and services as one of our new product offerings. New product categories will be carefully considered before being introduced, as they must fit with our Group's core positioning of "home and technology solutions", so as not to dilute the Courts brand.

Penetrate additional markets

In addition to the growth opportunities in Singapore and Malaysia, we believe we are well-positioned to take advantage of opportunities in the region. Apart from Singapore and Malaysia, we own intellectual property rights to 'Courts' brand and/or other brands in 15 other countries in the Asia Pacific region. See "— Intellectual Property". These rights provide our Group with the opportunity to enter these markets across the Asia Pacific either alone or with local partners. From time to time, our Group evaluates the countries in the region on their suitability for market entry.

In the short term, we intend to expand our retail footprint to Indonesia. We believe that Indonesia is highly attractive as it is a large fast growing but underpenetrated market which is becoming more open to modern concepts in electrical, IT and furniture products. We have signed the lease for the site for our first store and are seeking a partner to help our Group replicate our unique business model there. To date, no capital expenditure has been incurred yet in respect of our Indonesia operations as we are still in discussions with potential partners. We are targeting to open our first store in eastern Jakarta, Indonesia in 2014. In order to establish a market presence in Indonesia, our current intention is to launch Megastore formats which has retail areas exceeding 60,000 sq. ft., in the short term. In addition, we are also currently in discussions with respect to other land parcels in Jakarta. Should these discussions be successful, we intend to enter into partnerships or collaborative arrangements for developers to construct and develop such land.

Barring any unforeseen circumstances, we expect our first Indonesian store to have a retail area of up to 120,000 sq. ft. We previously had operations in Indonesia prior to the Restructuring Exercise having taken place and had closed down these operations as part of the Restructuring Exercise so that the business could focus on the growth in the core markets of Singapore and Malaysia which had already achieved critical mass and presented greater potential upside. While our Indonesia business was profitable for most of PTCL's history, PTCL's total revenue accounted for less than 5% of our Group's total revenue prior to our decision to discontinue our operations in Indonesia in 2009. Nonetheless, with the expertise and know-how acquired by our Group as a result of the credit enhancement initiatives which we have implemented in Singapore and Malaysia subsequent to the Restructuring Exercise, we intend to assimilate such knowledge in our

re-entry into the Indonesian market and introduce stronger credit and collections resources and competencies to forge a strong controls, compliance and monitoring system. See “Business — Credit Operations” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview — Credit operations”. In addition, our Group is also exploring potential alliances with local partners to manage the credit operations of our proposed Indonesian venture, which our Group believes will assist to further tighten our credit and collection operations in Indonesia. We had also engaged a consultant to assess our suitability and viability of re-entry into Indonesia as well as to advise on target geographical locations within Indonesia. Pursuant to this, we intend to establish our operations in urban areas to address more adequately our target market as compared to prior to the Restructuring Exercise where our operations were established in more rural areas. Our internal audit team will continually review our internal controls and credit approval processes on an ongoing basis, once we establish the control, compliance and monitoring system in Indonesia.

PRODUCT RANGE

Our Group’s current product offerings can be divided into 4 main segments:

- Electrical products;
- IT products;
- Furniture; and
- Services.

Electrical products consistently form the largest component of retail sales in both Singapore and Malaysia, as shown in the table below:

	Audited Financial year ended 31 March			
	2011		2012	
	S\$’000	%	S\$’000	%
Singapore:				
— Electrical products	178,119	42.2	187,101	41.7
— IT products	142,678	33.8	158,054	35.2
— Furniture	79,868	18.9	83,809	18.6
— Services	20,933	5.1	20,186	4.5
Sale of goods — Singapore	421,598	100	449,150	100
Malaysia:				
— Electrical products	71,603	48.1	70,400	45.3
— IT products	28,829	19.4	37,230	24.0
— Furniture	34,316	23.0	32,966	21.2
— Services	14,182	9.5	14,800	9.5
Sale of goods — Malaysia	148,930	100	155,396	100

Our Group maintains a constant focus on our product mix and periodically adjusts our product offerings in order to cater to the needs of our customers and to ensure that we are able to compete effectively against our competitors.

Electrical products

Our electrical products can be broadly classified in the following categories:

Major white goods	Vision	Small appliances	Audio
Refrigerators/freezers	Television sets	Vacuum cleaners	Home theatre systems
Washing machines	Video players and	Toasters & blenders	Amplifiers
Air conditioners	recorders	Fans	Speakers
Dryers	Vision accessories	Electric irons	Portable audio
		Cordless phones	equipment

We partner with suppliers which are able to provide favourable terms and support for our products. The electrical product brands we currently carry include, among others, LG, Mitsubishi, Panasonic, Philips, Pioneer, Samsung, Sony and Toshiba.

IT products

IT products form the second largest component of our retail sales and can be broadly classified into the following categories.

Computers	Accessories	Photography	Mobile
Desktops	Monitors	Digital cameras	Mobile phones
Laptops	Keyboards	Camcorders	Mobile accessories
	Peripherals (printers)	Photographic accessories	Smart phones
			Tablets

The IT product brands carried by our Group include, among others, Acer, Apple, Canon, Compaq, Dell, Epson, Fujitsu, Hewlett-Packard, Lenovo, Samsung and Sony.

Furniture

Our furniture offerings include mattresses, bedframes, bedroom furniture, bedding, dining room furniture, living room furniture and home office products. We revamped our furniture range in Singapore in 2008, offering a new range of lifestyle collections to suit traditional, transitional and contemporary tastes in furniture, based on customer preferences. The current furniture collections span a wide price range, offering customers a variety of options in each category. The new collections also give customers the option of selecting matching sets of furniture for different parts of their homes, so that they may create a consistent look and feel throughout their homes. We currently carries a number of brands including Dunlopillo, HTL, King Koil, Lorenzo, Max Coil, Sealy, Silentnight, Simmons, Slumberland and Tempur.

We have also introduced 2 new furniture ranges that allow customers to customise their mattresses and sofas respectively. The customisation of 2 mattresses into 1 bed with side-by-side construction under the Courts Sleep Clinic is carried out by the Sleep to Live diagnostics system which scientifically analyses customers' bodies to determine a suitable mattress for two. We are the sole distributor of Sleep to Live in Singapore. The Courts Sofa Maker allows customers to customise their ideal sofa, which will be specially produced within 3 weeks. With these customisation programmes, customers are able to select furniture to meet their specific needs and preferences.

Services

'Services' primarily includes warranty sales and other services, such as product replacement services. This forms the smallest component of retail sales of our Group in both Singapore and Malaysia. When a customer purchases an extended warranty, we will also obtain a back-to-back warranty from a third party thereby transferring the risk of the warranty to that third party while

retaining a portion of the fees charged for that warranty. We offer our customers the option of purchasing extended warranties on their retail purchases, as manufacturer warranties are typically limited to 1 to 2 years. Credit customers, especially those with payment terms that exceed the manufacturer's warranty period, are far more likely to purchase an extended warranty than cash sales customers.

STORES

As at the Latest Practicable Date, we had 13 stores in Singapore and 57 in Malaysia.

Store Format and Layout

We currently have 4 categories of store formats, which are categorised based on retail area, to cater to different needs and locations, namely, 'Megastores', 'Superstores', 'Departmental stores' and 'Small-format stores' as well as 'eCourts' in Singapore, our online sales platform.

Megastore



Singapore:

- Retail area: Above 60,000 sq. ft.
- Number of stores: 1
- Total retail area: 136,200 sq. ft.

Malaysia:

- Retail area: Above 30,000 sq. ft.
- Number of stores: 3
- Total retail area: 117,693 sq. ft.

Superstore



Singapore:

- Retail area: 12,000–60,000 sq. ft.
- Number of stores: 8
- Total retail area: 197,522 sq. ft.

Malaysia:

- Retail area: 12,000 — 30,000 sq. ft.
- Number of stores: 27
- Total retail area: 484,824 sq. ft.

Departmental store



Singapore:

- Number of stores: 1
- Total retail area: 44,312 sq. ft.

Malaysia:

No departmental store

Small-format store



Singapore:

- Retail area: Up to 12,000 sq. ft.
- Number of stores: 3
- Total retail area: 14,592 sq. ft.

Malaysia:

- Retail area: Up to 12,000 sq. ft.
- Number of stores: 27
- Total retail area: 208,552 sq. ft.

While each store format follows the same branding and general look and feel, the exact format and product mix for each store format will vary according to our specific size, location and customer demographics.

The Megastore is a 'big-box' concept that our Group believes was one of the first of its kind in Singapore when it opened in December 2006. The Megastore store format serves as a conduit for our Group's innovation, and includes a number of product concepts such as:

- 'Countdown Corner' — a concept which offers limited-time discounts or promotions on certain products;
- 'Sleep Clinic' — a concept which offers customers 'expert advice' on choice of beds and bedding and allows for customisation of mattresses; and
- 'Dr. Digital' — a concept which offers customers a comprehensive IT consultation service.

We intend to extend these concepts and innovations to our Group's Superstores in both Singapore and Malaysia.

We currently operate 1 Departmental store in a prime shopping area in Singapore while the majority of our Small-format stores are located in rural areas in Malaysia.

The sales per square foot (based on sale of goods¹ and weighted average retail square footage²) for the respective store formats were as follows:

Store format	Sales per square foot (S\$)		
	FY Mar 2010	FY Mar 2011	FY Mar 2012
Singapore			
Megastore	819	914	1,017
Superstore/Departmental store	898	952	1,086
Small-format store	1,958	1,862	1,896
Malaysia			
Megastore	486	480	489
Superstore	400	449	452
Small-format store	412	540	545

Notes:

- (1) For the purposes of computing sales per square foot, only sale of goods from stores are considered. Sale of goods derived from events held outside stores such as roadshows and tradeshow are excluded.
- (2) "Weighted average retail square footage" is based on a proportional average retail square footage for the financial period, taking into account any increment and/or reduction in retail floor space and the corresponding point in time that such increment and/or reduction occurs in the financial period.

Our Group's store refurbishment and renewal cycle is in line with the lease periods of the respective stores. Our Group's policy is for all stores to be completely refurbished and renewed within a timeframe that ensures that the state of the stores is maintained to the highest standards. Store layouts are regularly reviewed and revamped in order to optimise selling space in the stores, with the intention to attract customers, increase purchases and raise overall store traffic.

Store network

Singapore

As at the Latest Practicable Date, our Group had 1 Megastore, 8 Superstores, 1 Departmental store and 3 Small-format stores with a total retail floor space of 392,626 sq. ft. spread across Singapore as illustrated below:



In keeping with our brand positioning, the majority of our stores are strategically located in suburban shopping malls or in stand-alone locations in suburban catchment areas, where there is relatively high population density and access to public transport.

We are scheduled to open a Superstore in the upcoming JEM retail mall, a commercial hub in the Western part of Singapore, in FY Mar 2014. In addition, we opened a new Small-format store at Star Vista mall in Buona Vista on 22 September 2012. We have terminated one of our leases with effect from 30 September 2012. Please refer to Appendix F of this Prospectus for details.

Malaysia

As at the Latest Practicable Date, our Group had 57 stores strategically located across Peninsular and East Malaysia, comprising 3 Megastores, 27 Superstores and 27 Small-format stores, with total retail floor space of approximately 811,069 sq. ft.



In 2007, our Group undertook a strategic review of the stores in Malaysia, which resulted in the closure of a number of suburban stores with lower foot traffic and identified other stores for refurbishment. Following this refurbishment programme, the look and layout of the Malaysia stores were aligned with that of the Singapore stores. Our Group aims to locate our stores in areas which may best attract customers, and intends to grow the business in Malaysia by refurbishing current stores and opening new, larger format stores at locations which have higher foot traffic.

Subject to finding suitable locations at commercially viable rates, our Group intends to open an average of 6 stores in Malaysia over the next 2 to 3 years. We are looking into entering into 4 new leases by December 2012. We currently do not have specific plans for store closures in Malaysia but will continue our review of non-performing stores for closure.

eCourts

In addition to our physical stores, we also operate in Singapore through our online sales platform, 'eCourts', which we established in December 2009 and re-launched on 1 October 2012. Through eCourts, customers in Singapore can buy products online from our online catalogue. We have a 'Click and Collect' programme on our website, which allows certain customers, who elect to collect their online purchases from participating Courts stores, to utilise the Courts Flexi Schemes' facilities to finance their purchases. We believe such an arrangement benefits customers as it provides them with the flexibility to shop at their own convenience as well as offers them the credit advantages of shopping at the stores. We are focusing on growing eCourts and increasing our reach to consumers on multiple platforms.

CREDIT OPERATIONS

Our credit operations are integral to and support our retail business by providing in-house credit facilities to our Group's retail customers. These facilities are marketed under the name 'Courts Flexi Plan' in Singapore and 'Courts Flexi Credit' in Malaysia. They give participating customers the option of paying for their purchases at our stores by way of instalment payments over a period of up to 60 months. Participating customers who maintain accounts under our Courts Flexi Schemes are able to make credit purchases up to certain pre-determined limits based on, among other factors, their monthly salaries.

We have streamlined our credit approval process, significantly shortening the time taken for approving credit purchases. Current approvals typically take 2 to 3 days and may be as short as an hour for certain cases such as existing Courts Flexi Scheme customers with good payment records. The Courts Flexi Schemes have varying features including different repayment periods and repayment protection. Our credit schemes are offered in-house by us, rather than provided by an external third party such as a credit card company, thereby giving us more control over the terms of our credit schemes and the marketing of these credit schemes. Provision of the Courts Flexi Schemes, rather than outsourcing it, also enables us to fully retain the fees charged for such services, and for FY Mar 2011 and FY Mar 2012, service charges earned through the provision of such facilities accounted for 15.4% and 16.5% of total sales respectively. The credit operations are partially funded by the Asset Securitisation Programme 2012 (which replaced the Asset Securitisation Programme 2010) in Singapore and the Senior Loan Facility in Malaysia. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Borrowings". As at 31 March 2012, our credit exposure in Singapore and Malaysia, as represented by our gross trade receivables, were approximately S\$157.2 million and S\$300.6 million in Singapore and Malaysia, respectively.

We actively identify customers who display good payment history and markets products to these customers to encourage repeat purchases and foster greater customer loyalty. As at 31 March 2012, we had over 273,000 Courts Flexi Scheme customers, of which approximately 83.9% in Singapore were repeat customers (being customers who have previously used our credit programme) and approximately 68.3% in Malaysia were repeat customers.

For FY Mar 2011 and FY Mar 2012, credit sales accounted for approximately 10.0% and 9.2% of total sale of goods in Singapore and approximately 64.8% and 61.9% of total sales of goods in Malaysia.

Range of schemes offered under the Courts Flexi Schemes

We differentiate our credit facilities, provide added value to customers and increase our service charges, by offering a variety of features that appeal to different types of customers. For example, certain of our Group's credit facilities have repayment periods of up to 60 months, which particularly appeal to customers who are unwilling or unable to make substantial cash payment upfront, or are unable to secure credit from third party credit providers on similar terms or at all. The service charges applicable under each credit facility offered vary based on factors such as the country in which the product is offered, the type of products purchased, the duration of the repayment period and the features of the specific facility.

In addition to the principal terms of a facility under the Courts Flexi Schemes, customers are offered a number of additional features, including coverage or protection against certain common risks, such as loss of or damage to the products purchased by the relevant customer, or the customer's inability to meet instalment payments for the credit schemes due to death or loss of employment. When a customer chooses a facility with such coverage or protection features, we will purchase an insurance policy with a third party, thereby transferring the risk to that party.

Approval process, monitoring and collections

Our Group considers the monitoring of our credit schemes to be paramount. Since 2006, we have introduced enhanced credit processes, such as streamlined approval procedures, centralised monitoring of our Group's overall and individual store credit activities, tighter controls and new collection procedures. Following the implementation of these processes, our Group's 180-day delinquency rates, defined as gross trade receivables greater than 6 months in arrears as a percentage of gross trade receivables as at year/period end has declined from 4.4% to 3.2% in Singapore, and from 15.4% to 9.6% in Malaysia, from 30 September 2007 to 31 March 2012.

There are 2 key phases for the credit schemes: (1) approvals (often referred to as origination or sanctioning); and (2) monitoring and collections.

Approval process

The approval process begins at the point of sale with an interview to establish the applicant's creditworthiness, which requires the applicant to, *inter alia*, furnish the necessary documents, such as identification documents and proof of income, and provide answers to certain questions designed to assess the creditworthiness of the applicant. Information collected from credit interviews are submitted to our Group's in-house proprietary electronic credit scorecard and processing system, which then consolidates and disseminates the relevant data to our credit assessment team. This team carries out third party verification and, where necessary, field checks, as part of the assessment of the applicant, following which a decision is made whether to extend credit. For first time applicants, we will verify the applicant's employment status and residential address. The electronic system also provides us with a repository of essential and up-to-date information in order for us to effectively monitor these credit accounts on a timely and ongoing basis. We believe a sound combination of credit assessment, process and team is important and reviews these regularly in order to further improve them.

Once the credit application has been approved, the applicant will be notified. As a further check, we ensure that the purchased products are delivered and installed at a valid address. The proprietary electronic scorecard currently used by us to complete our credit scoring of applicants has been developed and refined over many years with the help of external credit scoring

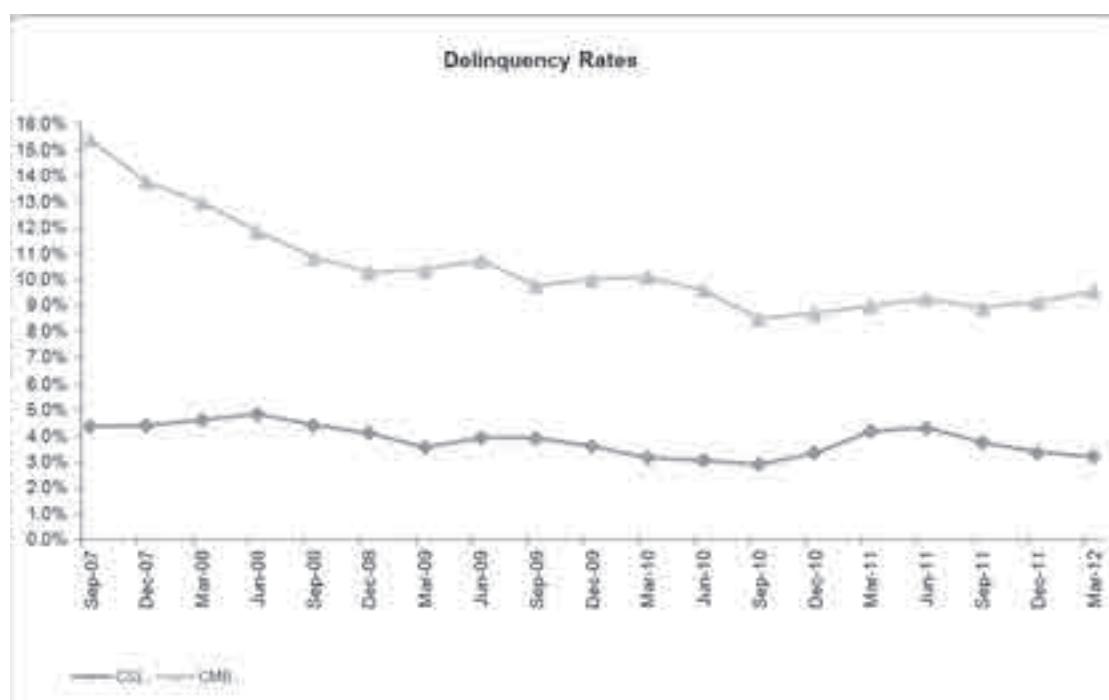
consultants and risk management specialists based on the analysis of credit information. The assessment of the applicant's credit score is based on a combination of all the components of the scorecard and no single component is conclusive. These electronic scorecards interface directly with our proprietary in-house credit system and are monitored and reviewed on a bi-annual basis to ensure that the scorecard appropriately ranks risk. Changed data undergoes the same verification and validation processes and is resubmitted for scoring. Keeping credit and scoring data up to date also enables us to proactively market products to our customers and thereby increase sales, while managing risk.

Monitoring and collections

In order to reduce the risk of credit loss and fraud, as well as maintain prudent credit practices, we have put in place a number of centralised facilities and procedures, including:

- a centralised Credit Management-Information-System (MIS) that supports Singapore and Malaysia which monitors all facets of the credit cycle, including early signs of credit deterioration and key credit performance benchmarks;
- two regional credit hubs in Malaysia to centrally process credit applications from our Group's 35 retail stores in the North and Central regions of Malaysia in an efficient manner;
- centralised tele-collections centres in Singapore and Malaysia, to deal with credit accounts which are less than 2 months in arrears for Singapore and less than 4 months in arrears for Malaysia;
- credit audit unit in Malaysia, which operates on a country-wide basis and specifically focuses on credit risk anomalies, whether in relation to certain categories of applicants or stores exhibiting unusual credit patterns; and
- measures to ensure effective execution of our Group's centralised credit risk monitoring and control procedures, which include regular staff training and financial accountability.

These measures have resulted in significant improvements in our Group's delinquency rates for Singapore and Malaysia, as shown in the charts below. From 30 September 2007 to 31 March 2012, the delinquency rates have reduced from 4.4% to 3.2% in Singapore and from 15.4% to 9.6% in Malaysia.



The above measures have also resulted in the reduction of impairment loss on trade receivables as a percentage of average portfolio¹ from 3.1% to 2.7% in Singapore and from 7.5% to 5.1% in Malaysia, from FY Mar 2010 to FY Mar 2012. The table below sets out information based on the Consolidated Financial Statements of our Group.

	FY Mar 2010 (S\$ millions)	FY Mar 2011 (S\$ millions)	FY Mar 2012 (S\$ millions)
Singapore			
Impairment loss on trade receivables	4.6	3.2	4.0
Average portfolio ¹	147.8	144.6	150.2
Impairment loss on trade receivables as a percentage of average portfolio ¹ (%)	3.1	2.2	2.7
	FY Mar 2010 (S\$ millions)	FY Mar 2011 (S\$ millions)	FY Mar 2012 (S\$ millions)
Malaysia			
Impairment loss on trade receivables	17.2	7.5	14.4
Average portfolio ¹	229.8	253.2	283.6
Impairment loss on trade receivables as a percentage of average portfolio ¹ (%)	7.5	3.0	5.1

Note:

- (1) Average portfolio is the average of the balance of the trade receivables including unearned service charges at every financial year/period end.

We provide various payment channels to our credit customers including payments at banks, post offices, standalone payment kiosks, via GIRO or at the stores. The collection of credit payments are monitored closely and details of accounts in arrears are first handled by the centralised tele-collection centres in Singapore and Malaysia. Credit accounts which are more than 2 months in arrears for Singapore and more than 4 months in arrears for Malaysia are handled by field collection units or external collection agencies. Upon exhaustion of these methods of collection, we may then take legal action to recover unpaid amounts, including pursuing these claims through small claims tribunals. We conduct independent reviews of our collectors and agencies, which involve the reviewing of the success rate and account coverage of each collector/agency. Our Group then reallocates collections from 'non-performing' collectors/agencies to other collectors/agencies. Independent of our Group's impairment policy, we will continue to pursue recovery efforts. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of our Group — Critical Accounting Policies — Impairment loss on trade receivables" for details of our impairment policy.

The gross trade receivables aging schedule of our Group as at 31 March 2012 is as follows:

	As at 31 March 2012					
	Less than 1 year (S\$ millions)	%	More than 1 year (S\$ millions)	%	Total (S\$ millions)	%
Singapore	67.9	32.0	89.3	36.4	157.2	34.3
Malaysia	144.6	68.0	156.0	63.6	300.6	65.7
Total	212.5	100.0	245.3	100.0	457.8	100.0

SALES AND MARKETING

We are one of the largest retail advertisers in Singapore and Malaysia, with advertisements in a number of languages, including English, Chinese, Malay and Tamil, and across various media. We use print media as our main advertising medium, often publishing full-page advertisements in the major weekend papers. A number of our other advertising initiatives include the promotion of our in-house credit schemes, placement marketing in and sponsorship of popular television programmes. Besides media advertising, our marketing team also determines what changes should be made to the look and arrangement of our stores in order to attract additional customers for each of the marketing campaigns which are undertaken for the period.

We believe that the approach taken for marketing and advertising forms a critical component of our success and that the familiarity of consumers with the 'Courts' brand in Singapore and Malaysia is the result of a long history of successful brand building through, among others, innovative promotions, attractive pricing policies, credit marketing and close media relationships. We have a marketing team which focuses on producing marketing campaigns in order to attract customers to the stores. Marketing campaigns are planned by our marketing team to coincide with new product launches and annual sales.

Our Group incentivises our sales staff via competitive sales commissions, which are structured to encourage sales staff to focus on maximising profit margins by promoting stronger features and benefits rather than merely volume of sales. Sales staff are also given training in both product knowledge and the Courts Flexi Schemes, which will allow them to better cater to the specific needs of their customers. See "— Staff Training".

By way of events marketing, our Group typically holds promotions during festive seasons and participates in major events for IT products, such as the annual Comex exhibition in Singapore. CSL also holds Megatex every year, a large-scale event where several deals and promotions are offered to consumers. During festive seasons, when our Group typically sees a peak in sales, we generally offer promotions on our products, for example, by bundling free gifts or extended warranties with our product sales. Our Group also typically has promotional booths at major events for electrical products and IT products to showcase our products and offer customers attractive promotions and discounts. From time to time, exclusive promotions are also extended at such events to Home Club members, in recognition of their loyalty to our Group.

We also enter into strategic collaborations with external parties to boost our retail sales opportunities, including the use of online portals. Since May 2011, we have entered into various cooperation agreements with Beeconomic Singapore Pte. Ltd. which manages Groupon in Singapore, a social commerce website that features daily deals for various lifestyle products. Our Group uses Groupon as a platform to offer popular products at a discount to customers. We are able to reach out to a large group of customers as Groupon uses a 'collective buying' business model, which requires a pre-determined number of Groupon users to sign up for a deal before the deal can be available to all for a limited period. Our Group also operates in Singapore through 'eCourts' and we have also reached out to consumers through social media such as Facebook and Twitter. Our ability to utilise social media effectively is reflected in the vast responses from customers and increase in footfall in our stores in respect of our promotions that are only advertised through these channels.

Home Club Loyalty Programme

Our Group's 'Home Club' loyalty programme is the cornerstone of our customer retention initiatives. Home Club members are offered exclusive discounts on products, credit rebates on their credit purchases and regular updates on latest promotions and Home Club events. Through information derived from our members, we have developed a comprehensive database that we use for sales and marketing purposes to ensure that our initiatives are relevant and targeted to the needs of particular customers. As at 31 March 2012, our Company had more than 1.2 million Home Club members.

PRODUCT CATEGORY MANAGEMENT

Although product selection principles are consistent across our Group, our Singapore and Malaysia businesses each has its own category team responsible for the sourcing for and purchase of electrical products, IT products and furniture. Each of the teams is led by a merchandise director to ensure that the products selected for sale cater to local consumer preferences and broader performance targets.

Our Group has also established ‘preferred partner’ arrangements with several major brands on a regional basis, thereby allowing our Group to maximise efficiencies and margins across both Singapore and Malaysia. When undertaking product range planning, we take into consideration market trends, product segmentation and overall product profitability (margins and trading terms as well as market research). As a result, we are better able to focus on our product purchases and secure the best terms with major suppliers.

Product mix is determined on a country basis using various methods, including customer focus groups. Merchandising and floor space allocation by product mix is driven by pre-defined key performance indicators on sales, margins, supplier support as well as detailed metrics like gross profit per square foot, gross profit per inventory and gross profit per sales person. The respective product buying functions of our Group take ownership of the key performance indicators for their respective products.

SUPPLIERS

Supplier Relationships

We have good relationships with our suppliers and we also deal directly with our key product manufacturers, thereby permitting our Group to negotiate favourable terms of trade across all product categories and procure preferred partner privileges across both the Singapore and Malaysia markets. By maintaining good supplier relationships, we are able to receive preferential terms from key suppliers including conducting joint promotions for our new and refurbished stores, typically, in return for offering these suppliers dedicated spaces for their products or concept displays in our stores.

From time to time, our suppliers actively participate in marketing and store initiatives with us including staffing concept areas, sales promotions, provision of roadshow support, clearance activities with us and provision of support for product catalogues. Such participation from suppliers also includes direct contributions from our suppliers to our marketing expenses. We have rationalised our supplier list to a core group of major suppliers, which has enabled us to negotiate favourable supplier discounts and increase the amount of supplier contribution we receive for new store openings and existing store refurbishments. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Capital Expenditure and Divestment — Historical Capital Expenditure and Divestment”.

Major Suppliers

We have developed existing relationships with certain of our suppliers which we believe would enable us to better negotiate commercial terms. Our Group’s major suppliers for FY Mar 2012 were Apple South Asia Pte Ltd, Samsung Asia Pte Ltd and Samsung Electronics (Malaysia) Sdn Bhd, who accounted for an aggregate of 22.1% of our Group’s total purchases¹. In FY Mar 2011, Samsung Asia Pte Ltd, Acer Computer (Singapore) Pte Ltd, Sony Electronics (S) Pte Ltd and LG Electronics Singapore Pte Ltd were our Group’s major suppliers, supplying 24.2% of our Group’s purchases¹. Our major suppliers for FY Mar 2010 were Samsung Asia Pte Ltd, Acer Computer (Singapore) Pte Ltd, Sony Electronics Singapore Pte Ltd, LG Electronics Singapore Pte Ltd and Panasonic Asia Pacific Pte Ltd which accounted for an aggregate of 31.6% of our total purchases¹.

Each of these suppliers individually accounted for between 5% to 10% of the purchases of our Group for FY Mar 2010, FY Mar 2011 or FY Mar 2012.

Save as disclosed above, we are not dependent on any industrial, financial or commercial contract including a contract with a supplier.

Our trade payable turnover days, calculated as the average of the balance of the trade payable as of every financial year end divided by the merchandise cost of sales² multiplied by the number of days in the relevant period, on a combined basis, were:

	Audited FY Mar 2010	Audited FY Mar 2011	Audited FY Mar 2012
Trade payable turnover days	60	63	63

Notes:

- (1) For the purpose of calculating our Group's total purchases, total purchases exclude bucket discounts, free gifts from suppliers and revaluation adjustments for the respective financial period.
- (2) Merchandise cost of sales represents the cost of purchases of inventories add/subtract changes in inventories. See "Business — Supply Chain and Inventory Management — Inventory Management".

SUPPLY CHAIN AND INVENTORY MANAGEMENT

Supply Chain

Our Group operates a warehouse in Singapore. Majority of the stock purchased from suppliers is sent to the warehouse before being sent to our stores. Management has found that this centralisation of the supply chain process has boosted efficiency through better inventory management and reduced supply chain costs.

For a majority of our electrical products, we engage third party contractors, namely DHL and SCS Logistics (S) Pte. Ltd. in respect of CMB and CSL respectively to pick the products up from our warehouse and deliver them to the customer. Customers are typically charged market rates for the delivery, in line with the practices of our competitors. However, we may waive delivery charges for and extend free disposal services to customers for certain products.

For most of our furniture range, we operate under a direct delivery model. This means that the furniture manufacturer or supplier delivers the purchases directly to the customer. This frees up warehousing space, lowering our inventory holding costs and reducing risk of inventory obsolescence.

From June 2008, we outsourced our entire warehouse and logistics function in Malaysia to DHL with the aim of having a long-term partnership with a world class logistics provider. Under this arrangement, DHL provides a single management group and point of contact for all logistics services and operations, thus providing a fully integrated supply chain service to our Group. This integrated service package includes the management of incoming shipments, warehousing management, replenishment of warehouses and stores, delivery of orders to customers and information management.

In line with our Group's continual aim of rationalising our supply chain and inventory, we constantly look for ways to minimise logistics costs. We are currently looking to increase the number of products which consumers can 'cash and carry', including electrical products and IT products, which will reduce logistics and storage costs.

Inventory Management

Our Group has adopted a systematic and orderly system for our inventory management in Singapore (the "ERP system"). The inventory module of the ERP system in Singapore automatically registers real-time changes to physical inventories at both the store basis and on a

group basis for all Singapore stores. The ERP system has granted our Group greater merchandise visibility by providing accurate and updated information on in-store stocks, as well as improved the efficiency of inventory levels and integration between the various functional areas. We plan to implement this ERP system for our operations in Malaysia before the end of FY Mar 2014. We expect to incur approximately RM3.7 million on hardware costs for the implementation of the ERP system in Malaysia. Currently in Malaysia, changes to inventories are recorded on a daily basis and then reported to a central database for consolidation. We believe that upon full implementation of the ERP system in both Singapore and Malaysia, the backroom functions for both operations will be unified, thereby leading to improved overall efficiency, reduced support and development costs, as well as uniform monitoring, reporting and operating processes across the different functions of our Group.

We conduct a monthly stock-take of selected inventory and a more thorough stock-take of all inventories on a half-yearly basis. The results of these stock-takes are carefully verified against and reconciled with inventory records. Any discrepancy will be highlighted to management and thoroughly investigated, and, where necessary, corrective measures will be implemented. In particular, we have stringent security and shrinkage measures for our stores. Security staff patrol the store premises both during and after operating hours, and we maintain a strict policy to report all store theft cases to the authorities regardless of the value of the items misappropriated.

We have adopted the weighted average method of inventory management, which uses the average cost per unit of goods to calculate cost of goods sold and ending inventory.

Our inventory turnover days, calculated as average of the balance of the inventory at every financial year end divided by merchandise cost of sales¹ multiplied by the number of days in the relevant period, on a combined basis, were as follows:

	Audited FY Mar 2010	Audited FY Mar 2011	Audited FY Mar 2012
Inventory turnover days	58	50	51

Note:

- (1) Merchandise cost of sales represents the cost of purchases of inventories add/subtract changes in inventories. See “Business — Supply Chain and Inventory Management — Inventory Management”.

COMPETITION

We operate in a competitive retail landscape and face competition, especially from large electrical products, IT products and furniture retailers in Singapore and Malaysia. We believe that the principal competitive factors for electrical products, IT products and furniture industry include pricing, product and service quality and product variety. We distinguish ourselves from our competitors on the basis of competitive pricing, wide range of products, strong brands, high levels of customer service and good store locations. We believe that the barriers to entry for new entrants to the electrical products, IT products and furniture industry are relatively high, as, among other factors, the scarcity of prime store locations, high start up costs, and the bargaining power and established brand loyalty of incumbent players pose significant barriers to entry for potential entrants. Also, as we have operated in Singapore and Malaysia for a significant period of time and possesses knowledge of the local market, we believe we have gained an additional competitive edge. See “— Competitive Strengths — Market leader in a sector with barriers to entry” for further details.

We believe that our key competitors in Singapore and Malaysia include multi-category retailers such as Harvey Norman, Carrefour, Tesco and Singer, specialty electrical and IT retailers such as Best Denki and Challenger and speciality furniture retailers such as IKEA and Rozel. A substantial portion of the retail market for our product categories is represented by small independent retailers, which we do not consider to be our direct competitors.

Alternative providers of credit for product purchaser are primarily credit card providers and credit lenders, such as GE Money and Aeon.

AWARDS AND ACCREDITATIONS

The Consumers Association of Singapore, an organisation which carries out a watch-dog role in protecting consumers' interests in Singapore, awarded CSL with the CaseTrust Gold accreditation in February 2011. This accreditation has only been awarded to 5 companies in Singapore and CSL is the only electrical, IT and furniture retailer in its industry to be awarded this accreditation. Factors taken into account for an assessment for CaseTrust Gold include, *inter alia*, customer and industry recognition as well as staff performance and service quality.

In recognition of our high customer service quality in Singapore, SPRING Singapore awarded CSL with the Singapore Service Class (S-Class) certification in June 2008 and this was renewed in April 2012, an award which acknowledges CSL's business excellence niche standard for customer service.

In March 2006, SPRING Singapore also awarded CSL with the People Developer certification, a national excellence standard conferred on organisations that have systems and processes in place to achieve excellence through their people. In December 2009 and April 2012, SPRING Singapore renewed CSL's People Developer certification, testifying to our Group's continued excellence in people development. In 2012, CSL won HardwareZone Magazine's Readers' Choice for Best Consumer Electronics Megastore (Singapore), reflecting recognition from the public as the best consumer electronics megastore. CSL also received the 2012 Best Multi Channel Retailer award from Smart Card Awards Asia for being a retailer committed to engage consumers and for having demonstrated excellence in integrating its physical stores with online channels.

KEY PROPERTY INTERESTS OF OUR GROUP

Please refer to Appendix F of this Prospectus for details of the key property interests of our Group in Singapore and Malaysia. All of the properties through which our Group operates our stores are leased.

INTELLECTUAL PROPERTY

Please refer to Appendix F of this Prospectus for details of the key intellectual property rights of our Group in Singapore and Malaysia. We own intellectual property rights to the 'Courts' brand and/or other brands in Singapore and Malaysia, where we currently operate stores, as well as in an additional 15 countries in the Asia Pacific region.

The business and profitability of our Group is not materially dependent on any patent, grant of license from third parties, industrial, commercial or financial contract (including a contract with a customer or supplier) or production process. Save as disclosed above and in "Interested Person Transactions and Conflicts of Interest", we do not own any trademark or patent and has not paid or received any royalties for any licenses or use of any intellectual property.

CONSUMER RESEARCH

Our Group does not typically conduct any research and development activities. However, from time to time, we engage external experts to conduct consumer research on the markets in which we operate. This enables us to better monitor developments in our markets to maintain our competitiveness and enhance our consumer awareness.

EMPLOYEES

As at 31 March 2012, we had 695 full-time employees in Singapore and 1,261 full-time employees in Malaysia. Certain employees of our Group in Singapore, substantially comprising the sales team and certain headquarters staff, are members of The Singapore Manual & Mercantile

Workers' Union, a trade union registered under the Trade Unions Act (Chapter 333 of Singapore). From time to time, our Group enters into negotiations and collective agreements with the union relating to rates of pay, hours of work and other conditions of employment. The relationship and cooperation between our management and staff has always been good. There has not been any incidence of work stoppages or labour disputes which affected the operations of our Group. None of our staff in Malaysia are unionised.

The number of full-time employees of our Group (at the dates indicated below) are as follows:

	Number of full-time employees		
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012
Function			
Management.	10	15	17
Finance	68	73	81
Marketing and Communications	25	18	17
Human Resources.	31	30	33
Administration and Support	38	39	49
Operations	1,405	1,570	1,759
Total	1,577	1,745	1,956

The geographical distribution of the employees of our Group (at the dates indicated below) are as follows:

	Number of full-time employees		
	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012
Geographical regions			
Singapore.	577	661	695
Malaysia.	1,000	1,084	1,261
Total	1,577	1,745	1,956

The number of employees in our Group increased due to an increase in the number of stores opened over the financial years ended 31 March 2011 and 31 March 2012.

As at 31 March 2010, 31 March 2011 and 31 March 2012, our Group had 126, 169 and 115 temporary employees respectively. Although our Group does hire temporary employees for projects from time to time, we are not dependent upon temporary employees for our business and operations.

STAFF TRAINING

Our Group believes that our staff and employees at all levels of appointments should be provided with sufficient instruction and guidance to enable them to perform their jobs efficiently. In particular, when new products are launched, we ensure that all sales-related staff undergo adequate training to apprise them of the new products. Also, staff are trained to be familiar with and to market the credit schemes available to the customers. Specific credit training for our Group's staff is conducted in order to ensure effective execution of our Group's centralised credit risk monitoring and control procedures.

The training policy of our Group aims to fully develop the potential of each and every employee through the provision of adequate development opportunities and facilities to improve the employee's knowledge and skills. Our Group has implemented a number of different avenues for employees to develop their professional skills. These include, *inter alia*, in-house or formal training, seminars, workshops and conferences, professional and general certification programmes, special projects and taskforces, knowledge sharing and learning forums, and rotational programmes for managers to assume different roles within our Group. We have also developed a 'Management Trainee Programme' to select and develop competent candidates with the right aptitude to assume managerial positions for our retail operations.

Our Group has established a selection process to recruit individuals who can relate to our Group's customers and values and have an ability to contribute and learn at all levels. Our Group's selection process has assisted in maintaining the high levels of retention within our Group. New hires undergo an orientation programme and are given opportunities to meet and interact with senior management.

As a result of our efforts in improving the knowledge and skills of our employees, we believe that we have managed to establish an identity as a recognised developer of people. For example, CSL has been awarded the People Developer certification by SPRING Singapore since 2006. See "— Awards and Accreditations". Our Group believes that this reputation helps in our recruitment of suitable talent for our operations.

INSURANCE

Our Group has subscribed for several types of insurance policies to cover a variety of risks which are relevant to our business needs and operations. For example, to cover our operational risks, we have subscribed for property all risk policies, marine and land cargo policies, public and products liability policies, payments protection policies and crime policies. In order to cover risks relating to our management and staff, our Group has taken up insurance for risks relating to directors' and officers' liability, work injury compensation. Our Group also maintains various insurance policies for staff, such as group term life insurance with total permanent disability benefits, and group accident, hospital and surgical policies.

We believe that the insurance policies and coverage we have subscribed for are adequate for our business needs and operations and will periodically conduct reviews of our Group's insurance coverage.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Our Group values the health of our staff and places great emphasis on safety at all our stores, offices and warehouses. We ensure that new staff who join us are advised of our Group's safety and health policy and given the necessary in-house training. Our Group's health and safety committee also reviews and revises our policies where necessary to enable our Group to respond more appropriately to new or changing situations and to ensure business continuity.

Our Group is not subject to any specific environmental regulations.

LITIGATION

From time to time, we may take legal action against our customers who fail to meet their payment obligations or to enforce our legal rights. Employees of our Group may from time to time also commence legal action against our Group, involving matters such as workmen's compensation or other recovery actions. Our Group is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant) including those which are pending or known to be contemplated, which may have or have had in the 12 months immediately preceding the date of the lodgment of this

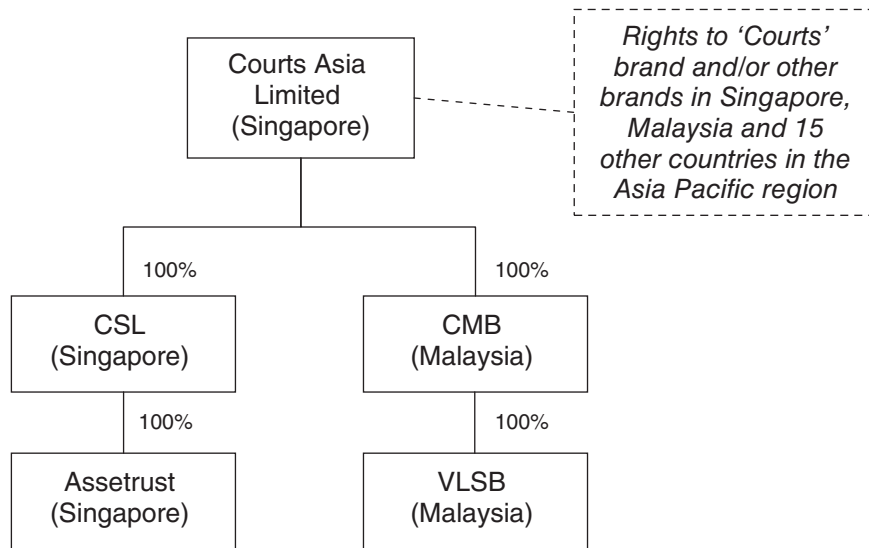
Prospectus with the Authority, a material effect on the financial position or profitability of our Group. Our Directors have no knowledge of any proceedings pending or threatened against our Group or any of our subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of our Group or any of our subsidiaries.

APPLICABLE LAWS AND REGULATIONS

See Appendix J of this Prospectus, “Description of Relevant Laws and Regulations of Singapore and Malaysia” for a description of the laws and regulations of Singapore and Malaysia applicable to our Group.

GROUP STRUCTURE

The structure of our Group is as follows:



The following sets out the restructuring steps (the “Restructuring Exercise”) undertaking to streamline and rationalise our Group.

Incorporation and establishment of our Company

Our Company was incorporated under the laws of Singapore as a private company limited by shares in Singapore, under the name “Courts Asia Pte. Ltd.” on 18 January 2010.

Disposal of Previous Subsidiaries

Prior to the formation of our Group, CSL held shares in Thai, Indonesian and Labuan subsidiaries, Memphis King Limited (“MKL”), M Brown Limited (“MBL”), Crimson Wave Limited (“CWL”) and, through MBL and CWL, in CML (together with MKL, MBL and CWL, the “Previous CSL Subsidiaries”), and CMB held shares in PTCL and Courts Asia Investments (Labuan) Ltd (“CAI”, together with PTCL, each a “Previous CMB Subsidiary” and collectively, the “Previous CMB Subsidiaries”).

On 23 March 2010, CSL entered into a sale and purchase agreement with ARG to dispose of its entire interest in the Previous CSL Subsidiaries for a nominal consideration, such consideration being US\$1 as the net asset value of the Previous CSL Subsidiaries was negative. The Previous CSL Subsidiaries are currently in the process of winding up. Under the terms and conditions of this agreement, to facilitate the winding-up, dissolution or liquidation of the Previous CSL Subsidiaries, CSL shall reimburse (1) up to an amount of Baht 7.0 million payable by the Previous CSL Subsidiaries to their employees in connection with the retrenchment of such employees; (2) up to an amount of Baht 2.2 million of all reasonable additional costs and expenses incurred by the Previous CSL Subsidiaries in the ordinary course of its business consistent with past practices until the commencement of the winding-up, dissolution or liquidation of the last Previous CSL Subsidiary; and (3) up to an amount of Baht 1.0 million per Previous CSL Subsidiary of reasonable costs and expenses to be incurred by such Previous CSL Subsidiary or its shareholder(s) in respect of the winding-up, dissolution or liquidation process within the period of 36 months from the date of this agreement, save that ARG or the Previous CSL Subsidiaries or both, shall have first utilised cash held or realised by the Previous CSL Subsidiaries from time to time towards paying for such compensation, costs and expenses before seeking reimbursement for the shortfall from CSL. CSL further undertook, at ARG’s request and costs, to assist and cooperate with ARG

for a reasonable period to manage the operations of the Previous CSL Subsidiaries including, to achieve a smooth and orderly handing over of the operations of the Previous CSL Subsidiaries to ARG. The maximum aggregate liability of CSL in respect of claims brought by ARG in respect of a breach of certain warranties by CSL has been limited to Baht 4.0 million, and notice of any such claims must be given to CSL within 36 months from the date of this agreement. As of FY Mar 2012, no amount has been claimed by the Previous CSL Subsidiaries which have sufficient cashflow to finance the the winding-up, dissolution or liquidation processes.

On 23 March 2010, CMB entered into sale and purchase agreements with MRG to dispose of its entire interest in each of the Previous CMB Subsidiaries, each for a nominal consideration, such consideration being US\$1 as the net asset value of the Previous CMB Subsidiaries was negative. PTCL is expected to commence winding up proceedings and CAI had been granted a declaration of dissolution in 2011. Under the terms and conditions of the respective agreements, CMB shall reimburse all reasonable additional costs and expenses incurred by MRG in respect of such winding-up, dissolution or liquidation process within the period of 36 months from the dates of these agreements up to the amount of US\$2.0 million for PTCL (save that MRG and/or PTCL shall have first utilised cash held or realised by PTCL from time to time towards paying for such costs and expenses before seeking reimbursement for the shortfall from CMB) and up to the amount of RM20,000 for CAI. Pursuant to the agreement with respect to PTCL, CMB further undertook to assist and cooperate with MRG, at MRG's request and costs, for a reasonable period after the date of the agreement to manage the operations of PTCL, to achieve a smooth and orderly handing over of the operations of PTCL to MRG. The maximum aggregate liability of CMB in respect of claims brought by MRG in respect of a breach of certain warranties by CMB under each respective agreement has been limited to US\$175,000 for PTCL and RM20,000 for CAI, and notice of any such claims must be given to CMB within 36 months from the dates of the respective agreements. As of FY Mar 2012, our Company has reimbursed the Previous CMB Subsidiaries an aggregate of US\$1.78 million. This amount has been provided for in the consolidated financial statements of CMB for the financial years ended 31 March 2009 and 2010, in accordance with applicable accounting policies.

Acquisition of CSL by our Company

On 23 March 2010, our Company entered into a sale and purchase agreement with the Vendor for the acquisition of the entire issued share capital of CSL for a consideration of S\$74,095,000, which was equivalent to the net asset value of CSL as at 31 December 2009. The consideration was satisfied by the allotment and issue of 79,999,999 Shares in our Company to the Vendor.

Acquisition of CMB by our Company

On 23 March 2010, our Company entered into a sale and purchase agreement with MRG for the acquisition of the entire issued share capital of CMB for a consideration of S\$147,034,000, based on the net asset value of CMB as at 31 December 2009 which amounted to S\$147,446,000. The consideration was satisfied by the allotment and issue of 120,000,000 Shares to MRG and/or its nominees. MRG directed our Company to issue and allot 120,000,000 Shares to the Vendor.

Shareholder

SRG is the sole Shareholder of our Company, and a wholly-owned subsidiary of ARG. MRG does not hold any Shares in our Company. MRG is a wholly-owned subsidiary of ARG and used to hold all the issued ordinary shares in CMB prior to the Restructuring Exercise.

Trademark Transfer

Pursuant to deeds of assignment executed on 30 December 2010 by each of ARG and the Vendor in favour of our Company (the "Trademark Transfer Agreements"), the rights of ARG and the Vendor to the 'Courts' brand and/or other brands in Singapore, Malaysia and 11 other countries

in the Asia Pacific region, which includes the trademarks under the CSL Trademark Licence Agreement and the CMB Trademark Licence Agreement, were transferred to our Company for a consideration of US\$19 million. Contemporaneously and in connection with the Trademark Transfer Agreements, the CSL Trademark Licence Agreement was terminated by a deed of discharge executed by ARG and CSL, and the CMB Trademark Licence Agreement was terminated by a deed of discharge executed by ARG and CMB (the “Deeds of Discharge”). See “Interested Person Transactions and Conflicts of Interest — Past, Present and Ongoing Interested Person Transactions — Past Interested Person Transactions — Trademark Transfer Agreements between our Company and each of ARG and the Vendor”.

Conversion of our Company into a public limited company

On 2 October 2012, our Company was converted into a public limited company and we changed our name to “Courts Asia Limited”.

MANAGEMENT AND CORPORATE GOVERNANCE

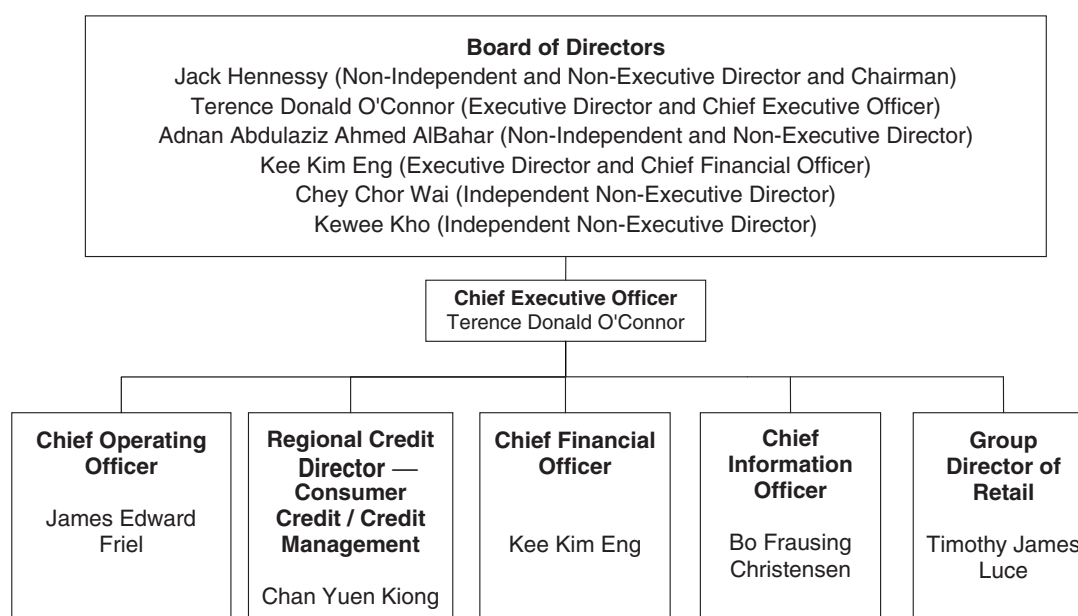
Our Company has a board of directors and complies with a set of procedures in relation to corporate governance. Details of the Board of Directors are set out below and in Appendix E, “List of present and past principal directorships of our Directors and the Executive Officers of our Group”.

MANAGEMENT

A discussion of the management, including directors and executive officers, of our Company is set out below.

Our Company

As at the Latest Practicable Date, the management reporting structure of our Company is as follows:



The Board of Directors

Our Board of Directors is entrusted with the responsibility for the overall management of our Company. The particulars of our Directors are set out below:

Name	Age	Address	Position
Jack Hennessy	43	2 Battery Road #23-01 Maybank Tower Singapore 049907	Non-Independent and Non-Executive Director and Chairman
Terence Donald O'Connor	44	50 Tampines North Drive 2 Singapore 528766	Executive Director and Chief Executive Officer
Adnan Abdulaziz Ahmed AlBahar	56	WAFRA Building Ahmed Al Jaber Street Sharq — Kuwait	Non-Independent and Non-Executive Director
Kee Kim Eng	49	50 Tampines North Drive 2 Singapore 528766	Executive Director and Chief Financial Officer

Name	Age	Address	Position
Chey Chor Wai	62	3 Oxford Road #05-09 Singapore 218814	Independent Non- Executive Director
Kewee Kho	42	39A Jalan Pemimpin #03-09A Halcyon Building Singapore 577183	Independent Non- Executive Director

Information on the business and working experience of our Directors is set out below:

Mr Jack Hennessy is a Non-Independent and Non-Executive Director of our Company and the Chairman of our Board of Directors. He was appointed as a Non-Independent and Non-Executive Director of our Company on 12 March 2010. Mr Hennessy was appointed a Non-Independent and Non-Executive Director of CSL on 16 July 2007, and was appointed as Chairman of the board of directors of CSL on 16 August 2007. Mr Hennessy is the Chairman of our Remuneration Committee and is also a member of the Audit Committee and the Nominating Committee of our Company. Mr Hennessy is the Managing Director of Baring Private Equity Asia Pte. Ltd., an Asia focused private equity firm, and also sits on the boards of several of its portfolio companies. Prior to joining Baring Private Equity Asia Pte. Ltd., Mr Hennessy was a General Partner with Allen & Buckeridge, an Australian private equity firm from 1998 to 2000. Between 1992 to 1995, he was a Senior Consultant with Accenture in Asia and the United States of America. Mr Hennessy was an Adjunct Professor at INSEAD from 2006 to 2008 where he taught the Leveraged Buyout (LBO) course. Mr Hennessy holds a Master of Business Administration from INSEAD and Bachelor Degrees in both Engineering (with Honours) and Science from Monash University in Australia.

Mr Terence Donald O'Connor is our Executive Director and the Chief Executive Officer, and was appointed to the Board of Directors on 18 January 2010. Mr O'Connor has worked in CSL since 1993. From 1993 to 1997, he was Director (Main Board) Electrical, from 1997 to 1998, he was CSL's Commercial Director, from 1998 to 2000, he was CSL's Deputy Managing Director, and he assumed the role of Managing Director from 2000 to 2007. From 2007 to March 2011, Mr O'Connor was the CEO of CSL and assumed the position of CEO in our Company from April 2011. He has served as a director of CSL since 2 January 1995, and has also sat on CMB's board of directors since 2007. Mr O'Connor is presently the President of the Institute of Advertising Singapore ("IAS"). He was President of the British Chamber of Commerce from 2006 to 2010, and had previously held the role of Honorary Secretary of the Singapore Retailers Association. Mr O'Connor holds a Master of Business Administration degree in Retailing and Wholesaling from the University of Stirling. In June 2010, Mr O'Connor was conferred the title of Officer of the Most Excellent Order of the British Empire by Britain's Queen Elizabeth II for his work in promoting the business interests of the United Kingdom. He was also awarded the International Management Action Award in September 2010 for his ability in taking management action to achieve sustainable and tangible results for an organisation and society and the IAS Lifetime Achievement Award in November 2010 for playing a pivotal role in the Singapore advertising landscape and the global arena through his commitment and contribution over time.

Mr Adnan Abdulaziz Ahmed AlBahar is our Non-Executive Director and was appointed to our Board of Directors and the board of directors of CSL on 17 January 2012. Mr AlBahar is the Chairman and Managing Director of The International Investor, an investment and finance firm and has held this position since September 1992. Prior to joining The International Investor, Mr AlBahar was the Managing Director of AlRajhi Co. for Islamic Investment, an investment house, from September 1990 to August 1992. Mr AlBahar previously worked in Kuwait Finance House and managed its day-to-day activities as General Manager from March 1981 to March 1990. Mr AlBahar was awarded the Global Leader for Tomorrow by the World Economic Forum in 1994. Mr AlBahar graduated with a Bachelor of Science in International Administration from the American College of Switzerland in 1977.

Ms Kee Kim Eng is our Executive Director and the Chief Financial Officer. She was appointed as an Executive Director on our board of directors on 12 March 2010 and onto the board of directors of CSL on 31 May 2012. She is responsible for overseeing the overall financial functions of our

Group. Ms Kee has more than 25 years of experience, having held positions in various public listed companies from a diverse range of industries. Prior to her current appointment, she was Strategic Planning Director at CSL in 2008, where she was responsible for managing strategic projects. From December 2003 to 2008, she held the concurrent positions of Deputy Managing Director, Finance Director and Company Secretary at CSL where she was in charge of, among others, financial, accounting and administration functions, including strategic planning in these areas. From 1998 to 2003, she was both the Finance Director and Company Secretary, and from 1996 to 1998, she was Financial Controller at CSL. Ms Kee holds an ACCA from The Chartered Association of Certified Accountants. She is a certified public accountant, a fellow of the Chartered Association of Certified Accountants, United Kingdom (currently known as the Association of Chartered Certified Accountants) and a member of the Singapore Institute of Directors.

Our Audit Committee has reviewed Ms Kee's curriculum vitae and conducted interview sessions with her. After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of the members of our Audit Committee to cause them to believe that Ms Kee, who is appointed as Chief Financial Officer, does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

Mr Chey Chor Wai is an Independent Non-Executive Director of our Company and was appointed to the Board of Directors on 27 September 2012. Mr Chey is also the Chairman of the Audit Committee of our Company, and sits on the Remuneration Committee and Nomination Committee. He started his career as an Audit Assistant with Coopers & Lybrand in Singapore upon graduation in 1976, and assumed various positions at the offices of Coopers & Lybrand in London, Singapore and New York between 1979 and 1994. He was admitted as a partner of Coopers & Lybrand in 1989. In 1995, he was seconded to be the Managing Partner of Coopers & Lybrand CIEC Beijing office. He returned to the Singapore office of Coopers & Lybrand in 1998 and remained as an assurance partner until his retirement in 2008, during which time Coopers & Lybrand merged with Price Waterhouse to form PricewaterhouseCoopers LLP. Mr Chey holds a Bachelor of Accountancy degree from the University of Singapore (now known as the National University of Singapore). He has also been a Fellow of the Institute of Certified Public Accountants of Singapore since 2004, a Fellow of CPA Australia since 2005 and a Fellow of the Association of Chartered Certified Accountants of the United Kingdom since 2006. He became a Certified Information Systems Auditor (CISA) in 1985. Mr Chey is also an Ordinary Member of the Singapore Institute of Directors.

Mr Kewee Kho is our Independent Non-Executive Director and was appointed to the Board of Directors on 27 September 2012. Mr Kho is the Chairman of the Nomination Committee and also sits on the Audit Committee and Remuneration Committee of our Company. Mr Kho was Corporate and Business Development Consultant for JSCL Investments Pte Ltd and Homestay Residences Pte Ltd from 2011 to 2012, where his responsibilities included corporate development via asset acquisitions and organic growth, financial advisory and group strategy. From 2008 to 2010, he was Managing Director at Alpha Advisory Pte Ltd, a boutique investment banking firm which provided corporate and financial advisory. Prior to this, Mr Kho headed Capital Markets, Investment Banking, at HL Bank in Singapore, from 2006 to 2008. He was previously with securities and investment broking group, Kim Eng Securities Pte Ltd, from 2000 to 2006 as Vice President of Business Development. Before returning to Asia, Mr Kho was in Chicago as Consultant at Deloitte & Touche LLP from 1997 to 1999 and Staff Consultant at IPC Group, LLC from 1995 to 1997, both in financial advisory services. Mr Kho graduated with a Bachelor of Science in Business from Indiana University in 1995. Mr Kho is an Ordinary Member of the Singapore Institute of Directors.

There are no family relationships between any of our Directors or Executive Officers or any of our substantial shareholders.

A list of the present and past directorships of our Directors over the last 5 years preceding the Latest Practicable Date is set out in Appendix E, "List of present and past principal directorships of our Directors and the Executive Officers of our Group".

Experience of our Directors

Our Directors have been briefed on the roles and responsibilities of a director of a public listed company in Singapore prior to the listing of our Company on the Main Board of the SGX-ST. In addition, save for Mr Adnan Abdulaziz Ahmed AlBahar, all of our Directors have had experience as directors of public listed companies in Singapore.

Arrangement or Understanding

Mr Jack Hennessy and *Mr Adnan Abdulaziz Ahmed AlBahar* are representatives of BPEA and Topaz respectively. There are no other arrangements or understandings with a substantial shareholder, customer or supplier of our Company to which our Directors or Executive Officers were appointed.

The Executive Officers

The day-to-day operations of our Company are entrusted to our Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Position
Terence Donald O'Connor	44	50 Tampines North Drive 2 Singapore 528766	Executive Director and Chief Executive Officer
Kee Kim Eng	49	50 Tampines North Drive 2 Singapore 528766	Executive Director and Chief Financial Officer
James Edward Friel	60	50 Tampines North Drive 2 Singapore 528766	Chief Operating Officer
Chan Yuen Kiong	53	50 Tampines North Drive 2 Singapore 528766	Regional Credit Director — Consumer Credit/Credit Management
Bo Frausing Christensen	48	50 Tampines North Drive 2 Singapore 528766	Chief Information Officer
Timothy James Luce	41	50 Tampines North Drive 2 Singapore 528766	Group Director of Retail

Information on the business and working experience of the Executive Officers is set out below:

Mr Terence Donald O'Connor and *Ms Kee Kim Eng*, the Chief Executive Officer and Chief Financial Officer of our Company respectively, are also Directors of our Company, see “— The Board of Directors” for details of their working experience and qualifications.

Mr James Edward Friel is our Group's Chief Operating Officer. He held his positions as our Group's Regional Commercial Director and Country Director of CSL from 16 June 2008 to March 2011, and was appointed as our Chief Operating Officer in April 2011. He was previously responsible for buying, marketing and operations, with a focus on commercial activity as Regional Commercial Director and Country Director of CSL, and currently supports our Chief Executive Officer in all operational aspects of our Group's business as our Chief Operating Officer. Mr Friel has held various portfolios within the Courts group worldwide. Prior to his current appointments, he was Managing Director and Chief Executive Officer of CMB from 2005 to 2008. Immediately before assuming this role, he was Commercial Director of CSL in 2005. From 2003 to 2004, he was Managing Director of Courts (Mauritius) Limited. From 2001 to 2002, he was Managing Director of Courts (Antigua) Ltd. Between 1999 and 2001, he was Buying Director of CSL. From 1998 to 1999, he was Deputy Managing Director at PT Courts Indonesia Tbk. From 1997 to 1998, he was the Electrical Buying Director at Courts (Mauritius) Limited. From 1985 to 1997, he held the position of Senior Buying Director at the House of Fraser Stores Ltd in the United Kingdom.

Mr Chan Yuen Kiong is our Group's Regional Credit Director — Consumer Credit/Credit Management and was appointed in April 2011. Prior to his current appointment, Mr Chan held the position of Credit Director in Courts Mammoth Sdn Bhd from 2006 where he was responsible for credit, collections and portfolio management within the company. Thereafter, he was promoted to Regional Credit Director of CSL from July 2008 to March 2011 where his portfolio expanded to include operations in Singapore, Malaysia and Indonesia. Before joining our Group, Mr Chan was the CEO of Denrich Corporation Sdn Bhd from March 2002 to June 2006, a construction, building and engineering firm where he oversaw property development and contracting services. From December 1998 to 2002, Mr Chan held the position of Country Manager and Head of Consumer Services at American Express (M) Sdn Bhd in Malaysia where he was in charge of the credit functions of the company. From 1994 to 1998, Mr Chan held the positions of Business Controller, Head of Bankcard Head Business and Head of Operations and Technology at Citibank Berhad. Mr Chan is qualified under the Chartered Institute of Management Accountants programme.

Mr Bo Frausing Christensen has been our Chief Information Officer since November 2011. Mr Christensen oversees our Group's regional Supply Chain and Information Technology. Prior to joining us, Mr Christensen was the Chief Executive Officer of MindWorks Leadership Development Private Limited, a boutique consultancy firm, from January 2007 to October 2011, a position he previously also held from April 2002 to July 2004 before assuming the positions of Vice President of Operations and Chief Change Officer at Numico Asia Pacific Holdings Pte. Ltd., a fast moving consumer goods and nutrition company, and Chief Change Officer at East Asiatic Company, a fast moving consumer goods and industrials company, for the periods January 2006 to December 2006 and August 2004 to December 2005 respectively. From January 2001 to March 2002, Mr Christensen worked with Deloitte Consulting as Senior Manager of Strategy and Operations Consulting. For the period from January 1996 to December 2000, Mr Christensen was the Director of the Supply Chain and Efficient Consumer Response in Johnson & Johnson, a health care, pharmaceutical and consumer packaged goods manufacturer. Mr Christensen worked in Maersk between 1984 and 1995, where he held various positions, including Accounting Assistant, Marketing Assistant, Marketing Manager, Trade Manager (Hong Kong), Senior Manager of Capacity Management, Assistant General Manager of Mercantile Hong Kong as well as General Manager and Regional Chairman of Mercantile Hong Kong. Mr Christensen holds a Master of Business Administration from Asia International Open University.

Mr Timothy James Luce has been with our Group since April 2011. He was appointed Group Director of Retail in December 2011 and is accountable for our retail and commercial activities in Singapore and Malaysia. Mr Luce was previously CSL's Country Director from April 2011 to November 2011 and was responsible for the profit and loss of our Singapore operations. Mr Luce's experience in the retail industry spans almost 20 years where he also worked in retail companies in Australia. Mr Luce was previously Managing Director at Lentuer Pty Ltd from 1994 to 2007 and General Manager for Lentuer Pty Ltd — Lifestyle Appliances' New South Wales operations in Australia from 2007 to 2008, before assuming the position of General Manager at Goldmark Pty Ltd from 2008 to 2010 and then General Manager at Lovisa Pty Ltd from 2010 to 2011. Mr Luce holds a Bachelor of Commerce from the University of Western Sydney which he obtained in 1993.

A list of the present and past directorships of our Executive Officers over the last 5 years preceding the Latest Practicable Date is set out in Appendix E, "List of present and past principal directorships of our Directors and the Executive Officers of our Group".

Pursuant to the Code of Corporate Governance, the independent directors should make up at least half the board where, *inter alia*, the Chairman is not an independent director. The Monetary Authority of Singapore's Response to Recommendations by Corporate Governance Council on the Code of Corporate Governance dated 2 May 2012 further states that companies have until the annual general meetings following the end of the financial years commencing on or after 1 May 2016, to undertake the aforementioned board composition changes. Accordingly, the Company is aware of the requirement to have at least half the Board constituted by independent directors if the Chairman is not an independent director and will undertake the necessary board composition changes to comply with the aforementioned recommendations by the stipulated deadline.

To the best of our Directors' knowledge and belief, save as disclosed under "Management and Corporate Governance — Management — The Board of Directors" and "Ownership of the Shares", there are no arrangements or undertakings with any Substantial Shareholders, customers, suppliers or others, pursuant to which any of our Directors and Executive Officers of our Company was appointed.

REMUNERATION

Remuneration of our Directors and the Executive Officers of our Group

The compensation paid during FY Mar 2011 and FY Mar 2012 and the estimated compensation to be paid for FY Mar 2013 to our Directors and the Executive Officers of our Group for services rendered to our Group and our subsidiaries on an individual basis and in remuneration bands¹ are as follows:

Names	FY Mar 2011	FY Mar 2012	Estimated for FY Mar 2013
Directors			
Jack Hennessy	—	—	A
Terence Donald O'Connor	H	J	J
Adnan Abdulaziz Ahmed AlBahar	—	—	A
Kee Kim Eng	C	E	E
Chey Chor Wai	A ²	—	A
Kewee Kho	—	—	A
Executive Officers (who are not also Directors)			
James Edward Friel	D	E	E
Chan Yuen Kiong	C	C	C
Bo Frausing Christensen	—	—	C
Timothy James Luce	—	B	D
Kiran Kaur	B	C	C

Notes:

- (1) (i) Band A means between S\$1 and S\$250,000.
(ii) Band B means between S\$250,001 and S\$500,000.
(iii) Band C means between S\$500,001 and S\$750,000.
(iv) Band D means between S\$750,001 and S\$1,000,000.
(v) Band E means between S\$1,000,001 and S\$1,250,000.
(vi) Band H means between S\$1,750,001 and S\$2,000,000.
(vii) Band J means between S\$2,250,001 and S\$2,500,000.
- (2) Mr Chey Chor Wai was previously paid directors' fees when he was appointed as Director from March 2010 to November 2010.

The estimated amounts for FY Mar 2013 stated above do not include variable bonus payments to staff which our Group has accrued for, which payments remain subject to the discretion of management and will not be paid till the end of the financial year. We expect that Jack Hennessy and Adnan Abdulaziz Ahmed AlBahar shall be receiving directors' fees after the listing of our Group on the SGX-ST, which amounts shall be determined and approved by the Remuneration Committee and laid before Shareholders for approval.

For certain of our Group's Singapore expatriate employees, including Terence Donald O'Connor and Timothy James Luce, we pay part of their remuneration into a pension scheme operated by a third party, Zurich International Life, as part of their remuneration package. Zurich International Life will pay the pension monies to the relevant employee when he reaches a certain retirement age. The above monetary contributions made by our Group form part of the remuneration terms of these employees, and we do not set aside or accrue any amounts to provide for these pensions.

As at the Latest Practicable Date, save as described above and as required for compliance with the applicable laws of Singapore and/or the jurisdictions in which the subsidiaries of our Group are incorporated, including the amounts required to be paid by employers under the Central Provident Fund scheme in Singapore and the Employees Provident Fund in Malaysia, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

As at the Latest Practicable Date, save as described below, our Company does not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of our Directors or employees, and bonuses, if any, will be declared and paid on a discretionary basis.

For FY Mar 2010, FY Mar 2011 and FY Mar 2012, in order to align the long-term interests of the senior management with our Group, we implemented an "Enhanced Individual KPI Performance Bonus" plan ("Enhanced I-KPB") and a "Profit Sharing Bonus" plan ("PSB"), which were joint incentive arrangements to reward senior management for their performance. These plans aim to improve the profitability of our Group, preserve cash and reduce cost, while enhancing efficiency. Although bonuses are determined by our Group on a discretionary basis, under these plans, the performance of participants were assessed annually, both on an individual basis, against certain key performance indicators set by management, and against the performance of our Group as a whole, and would be taken into consideration in the determination of bonus payout. Terence Donald O'Connor, Kee Kim Eng, James Edward Friel, Chan Yuen Kiong, Bo Frausing Christensen, Timothy James Luce and Kiran Kaur were participants under these plans.

The Enhanced I-KPB is a cash-based incentive for senior management. The amount of the cash-based incentive is determined with reference to how well the participant has met the goals and individual key performance indicators set by management, which will vary depending on their job requirements. Participants are appraised annually under the Enhanced I-KPB, and their performance level and final payout will be determined accordingly.

The PSB is a long-term performance-based incentive arrangement, which is premised on the basis of sharing our Group's profit after income tax generated during the financial year, and a change in profit from the previous financial year, after excluding certain one-off expenses, which will form the "PSB Declared Incentive Pool". Each employee will have an individual share of the "PSB Declared Incentive Pool", depending on their achievements and role in the Company. The declared individual share will go towards their "Individual PSB Bank Balance". At the end of each financial year, participants will receive in cash a certain percentage of the aggregate amount standing in their "Individual PSB Bank Balance", subject to certain conditions, including that a recipient must at the point of payout be in our employment. The remainder balance will be carried forward to the next year. If profits deteriorate significantly and the "PSB Declared Incentive Pool" becomes negative, the individual share of negative incentive will be deducted from the "Individual PSB Bank Balance". In such a scenario, a negative "Individual PSB Bank Balance" amount may be carried forward to the next year. Upon the resignation of a participant, he may be entitled to a payout of a percentage of the remainder in his "Individual PSB Bank Balance", such percentage depending on his number of years of participation in the PSB, having had a minimum of 5 years' participation in the PSB.

As part of the listing exercise, we have made some adjustments to the PSB whereby only for FY Mar 2013, if the employee meets the performance indicators and conditions as determined by us, the entire balance of the participants' "Individual PSB Bank Balance" for FY Mar 2012 will be paid out as cash in the same year. The participants' "Individual PSB Bank Balance" will then start accruing from FY Mar 2013. In the event that the performance indicators are not met, then the accrued "Individual PSB Bank Balance" will continue to accrue from their share of the "PSB Declared Incentive Pool" and they will receive the normal cash incentive of the aggregate amount standing in their "Individual PSB Bank Balance", subject to certain conditions, including that a recipient must at the point of payout be in our employment. The total amount of the participants' "Individual PSB Bank Balance" for FY Mar 2012 is S\$3.6 million out of which S\$1.7 million has been provided for in our financial statements ending 31 March 2012.

Each of the individual senior management staff who is incentivised pursuant to the Enhanced I-KPB and the PSB will have to satisfy certain key performance indicators, which are drawn up based on his/her specific operational responsibility within our Group and with the aim of improving the profitability, preserving cash and reducing cost, whilst enhancing efficiency, of the Group. Such key performance indicators are reviewed annually and subject to the approval of our Board.

On 16 December 2011, a long-term incentive plan, the pre-IPO Share Appreciation Rights Plan (the "Pre-IPO SARP") was implemented with the aims of rewarding and retaining key employees with essential contributions to our Group in the long-term and to align the interests of our employees with the growth of our Group through ownership of the Company. The Pre-IPO SARP gives participants a right to either cash or fully-paid Shares (the "Pre-IPO Plan Shares") in future, subject to the discretion of the committee administering the Pre-IPO SARP. The number of Shares which may be granted to participants would be equivalent in value to the gain in the value of our Shares since Listing, conditional on the successful listing of our Company, and upon the fulfillment of certain service conditions. Should a participant under the Pre-IPO SARP resign, the unvested share appreciation rights will lapse upon service of notice of resignation. The Pre-IPO SARP will terminate upon the listing of our Company on the SGX-ST.

The employees entitled to participate in the Pre-IPO SARP are Bo Frausing Christensen, Chan Yuen Kiong, James Edward Friel, Kee Kim Eng, Kiran Kaur, Joseph Greenway and Timothy James Luce. Since the implementation of the Pre-IPO SARP to the Latest Practicable Date, 2,674,000 awards have been granted at a grant value of S\$1.88 which will be adjusted should the Offering Price be different from the grant value. The awards were granted based on our Company's existing share capital of 200,000,000 Shares at the point of the grant. After the Consolidation and Sub-division of our Shares, our Remuneration Committee may adjust the number of share appreciation rights which are the subject of an award to the extent unexercised and the grant value of these rights, as determined to be appropriate, provided that any such adjustment shall be made in such a way that a participant will not receive a benefit that our Shareholders do not receive. Vesting of the awards is contingent on the successful Offering and will commence on the first anniversary of Listing Date at the rate of 25% per annum. All rights can be exercised from the date of vesting up to the tenth anniversary of the date of the award. The aggregate number of Shares which may be issued under both the Pre-IPO SARP and the Share-Based Incentive Plans, at any point in time, is subject to a maximum limit of 10% of the total issued share capital of our Company, which is inclusive of the Plan Shares (excluding treasury Shares) for share grant and settlement purposes.

The dilutive effect, if any, of the issuance of the Pre-IPO Plan Shares can be calculated based on the following formula:

$$\text{Dilutive effect} = \text{NOSH} / (\text{NOSH} + (\text{GV}/\text{P}_{\text{IPO}}) - (\text{GV}/\text{P}_x)) - 1$$

NOSH refers to the Shares in the share capital of our Company after the Enlarged Offering;

GV refers to the grant value of the awards;

P_{IPO} refers to the Offering Price; and

P_x refers to the prevailing share price at time of exercise.

Our Company has made an application to the SGX-ST for permission to deal in and for quotation of the Pre-IPO Plan Shares which may be issued pursuant to the grant of Awards under the Pre-IPO SARP. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, the Shares or the Pre-IPO Plan Shares.

No remuneration has been paid by our Group to any employee who is related to a Director or a Substantial Shareholder during the period under review.

We are continually reviewing our remuneration policies to align the interests of our employees and management with our Company. Any adjustments to our remuneration policies will be subject to approval by our Remuneration Committee.

Current incentive arrangements with ARG which will cease upon the listing of our Company

Transaction bonus arrangement with ARG

On 6 September 2012, ARG implemented a one-off transaction bonus arrangement (the “Transaction Bonus Arrangement”), whereby ARG undertook to pay Terence Donald O’Connor a total amount of S\$16.5 million upon, *inter alia*, the initial public offering of our Company. Terence Donald O’Connor can, in his sole discretion, distribute a part of the transaction bonus amount to members of the senior management of our Group. The Transaction Bonus Arrangement was conceived for the purpose of incentivising senior management for, *inter alia*, the successful listing of our Company. Under the terms of the Transaction Bonus Arrangement, ARG may also discuss a good faith discretionary cash bonus to be paid to Terence Donald O’Connor in their sole discretion.

The Transaction Bonus Arrangement is a one-off incentive arrangement by ARG and no further awards will be made under the Transaction Bonus Arrangement after the listing of our Company on the SGX-ST.

SHARE-BASED INCENTIVE PLANS

On 16 December 2011, the Vendor, being the sole shareholder of our Company, approved a share appreciation rights plan known as the ‘Courts Share Appreciation Rights Plan’ (the “Share Appreciation Rights Plan”) and a performance share plan known as the ‘Courts Performance Share Plan’ (the “Performance Share Plan”, together with the Share Appreciation Rights Plan, the “Share-Based Incentive Plans”).

Our establishment of the Share-Based Incentive Plans is to recognise and reward the contributions and continued dedication of our Directors and employees of our Group. Eligible participants (the “Participants”) under the Share-Based Incentive Plans will have the opportunity to participate in the equity of our Company and in the long-term growth and profitability of our Group, and thus be motivated towards better performance.

The primary objective of the Share-Based Incentive Plans is to reward Participants for their valuable contributions to the growth and success of our Group and to reward and retain them, in order to achieve greater growth in our Group. As the Share-Based Incentive Plans seek to align the interests of Participants with the interests of our Company and our Shareholders, the terms of the Share-Based Incentive Plans provide that Participants may be awarded with fully paid Shares of our Company or the equivalent in cash, or a combination of Shares and cash (the “Award”).

The Share Appreciation Rights Plan aims to provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance in the long term through increased dedication and loyalty, and is designed to reward and retain employees of our Group whose services are vital to our success. Under the Share Appreciation

Rights Plan, a Participant may be granted an Award comprising a certain number of Share Appreciation Rights. Each Share Appreciation Right represents the right of the Participant to receive fully paid Shares, cash or a combination of fully paid Shares and cash, calculated based on the gain in the market value (as determined under the terms of the Share Appreciation Rights Plan) of a Share over a specified performance period, if any, provided that the prescribed conditions and performance targets under the Share Appreciation Rights Plan are met. The performance period and other conditions will be determined by the Remuneration Committee administering the Share Appreciation Rights Plan, and such Share Appreciation Rights may be vested over a specified period of time, as the Remuneration Committee determines. In the event that the market value of a Share at the point of time a Participant exercises his Share Appreciation Right is equal to or less than the grant value of that Share Appreciation Right, no Shares or cash will be awarded, thereby motivating Participants toward improving the market value of the Shares.

The Performance Share Plan aims to promote higher performance goals, and recognise and reward the achievements of employees. Unlike the Share Appreciation Rights Plan, which is premised on the gain in market value of the Shares of our Company, the Performance Share Plan contemplates the award of fully-paid Shares to participants after certain pre-determined benchmarks have been met. We believe that the Performance Share Plan will be more effective than pure cash bonuses in motivating our employees to work towards pre-determined goals. Under the Performance Share Plan, the value of the Award granted to a Participant will be determined based on his job grade, individual performance and strategic contribution of participants as determined by the Remuneration Committee in respect of performance prior to the date of grant. The performance period here is a forward-looking period for which performance conditions and targets are set, and measured over the performance period. The final Award is determined by the performance achievement over the performance period. Awards may comprise fully paid Shares, cash or a combination of fully paid Shares and cash. The performance period, vesting period and other conditions will be determined by the Remuneration Committee administering the Performance Share Plan.

The aggregate number of Shares which may be issued under both the Share-Based Incentive Plans and the Pre-IPO SARP, at any point in time, is subject to a maximum limit of 10% of the total issued share capital of our Company, which is inclusive of new Shares issued by our Company under the Share-Based Incentive Plans ("Plan Shares") (excluding treasury Shares) for share grant and settlement purposes. Our Remuneration Committee administering the Share-Based Incentive Plans may also decide to impose further annual sub-limits for each or both of the Share-Based Incentive Plans, and has currently set an annual sub-limit for granting of Awards at 1.5% of our Company's issued share capital (excluding treasury Shares) for both of the Share-Based Incentive Plans.

The reason for having both the Share Appreciation Rights Plan and the Performance Share Plan is to give our Group greater flexibility in structuring compensation packages of eligible participants, and to provide an additional tool to motivate and retain staff members so that we are able to offer compensation packages that are market-competitive.

As at the date of this offering document, no Awards have been granted under the Share-Based Incentive Plans.

The rules of the Share-Based Incentive Plans may be inspected by Shareholders at the registered office of our Company for a period of 6 months from the date of registration of this offering document. See Appendix I of this Prospectus for a summary of the rules of the Share-Based Incentive Plans.

Disclosures in Annual Report

The following disclosures (as applicable) will be made by us in our annual report for so long as the Share-Based Incentive Plans continue in operation:

- (a) the names of the members of our Remuneration Committee administering the Share-Based Incentive Plans;
 - (b) in respect of the following Participants of the Share-Based Incentive Plans:
 - (i) Directors of our Company; and
 - (ii) Participants (other than those in paragraph (i) above) who have received Shares pursuant to the release of Awards released under the Performance Share Plan and/or the exercise of the Share Appreciation Rights Plan which, in aggregate, represent 5% or more of the aggregate of:
 - (1) the total number of new Shares available under the Share-Based Incentive Plans collectively; and
 - (2) the total number of existing Shares delivered pursuant to Awards released under the Share-Based Incentive Plans collectively,
- the following information:
- (aa) the name of the Participant;
 - (bb) the following particulars relating to Shares delivered pursuant to Awards released under the Performance Share Plan and/or the exercise of the Share Appreciation Rights Plan:
 - (i) the number of new Shares issued to such Participant during the financial year under review; and
 - (ii) the number of existing Shares transferred to each Participant during the financial year under review;
- (c) in relation to each of the Share-Based Incentive Plans, the following particulars:
 - (i) the names of, and number and terms of Awards granted to, each Director or employee of our Group who receives 5% or more of the total number of the Shares available to Directors and employees of our Group under each of the Share-Based Incentive Plans during the financial year under review; and
 - (ii) the aggregate number of Awards granted to Directors and employees of our Group collectively for the financial year under review, and since the commencement of each of the Share-Based Incentive Plans to the end of the financial year under review;
- (d) in relation to each of the Share-Based Incentive Plans, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted under the Share-Based Incentive Plans since their commencement to the end of the financial year under review;

- (ii) the aggregate number of Shares comprised in Awards which have been released under the Performance Share Plan and/or the exercise of the Share Appreciation Rights Plan during the financial year under review and in respect of such Awards, the proportion of:
 - (1) new Shares issued; and
 - (2) existing Shares transferred, and where existing Shares were purchased for transfer, the range of prices at which such Shares have been purchased,
 upon the release of the vested Awards granted under each of the Share-Based Incentive Plans; and
- (iii) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan but which have not been released, and comprised in Share Appreciation Rights granted under the Share Appreciation Rights Plan but which have not been delivered, as at the end of the financial year under review.

Administration of the Share-Based Incentive Plans

The Share-Based Incentive Plans will be administered by the Remuneration Committee. In compliance with the requirements of the Listing Manual, a Participant of the Share-Based Incentive Plans who is a member of our Remuneration Committee shall not be involved in its deliberations in respect of Awards (as the case may be) to be granted or held by that member of our Remuneration Committee.

Participation of Controlling Shareholders

Controlling Shareholders and their associates are not entitled to participate in the Share-Based Incentive Plans.

Financial Effects of the Share-Based Incentive Plans

(i) Share Capital

The Share-Based Incentive Plans may result in an increase in our Company's issued share capital when new Shares are issued to Participants pursuant to the grant of the Awards or exercise of the Share Appreciation Rights, as the case may be. However, if existing Shares are purchased for delivery to Participants in lieu of issuing new Shares to them, there will be no impact on our Company's issued share capital.

(ii) Net Tangible Assets

As described below, the Share-Based Incentive Plans will result in a charge to our Group's income statement equal to the fair value at which the new Shares are issued or liability recognised. For cash-settled Share-Based Incentive Plans, the Net Tangible Assets of our Group will decrease by the amount of expenses charged to the income statement. For equity-settled Share-Based Incentive Plans, there will be no effect on the Net Tangible Assets of our Group due to the offsetting effect of expenses recognised and increased share capital or reserves.

It should be noted that the delivery of Shares to Participants is contingent upon the Participants meeting prescribed performance targets and conditions. Accordingly, it will result in significant added value to Net Tangible Assets of our Group before our Shares are delivered.

(iii) Costs to our Group

Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at each balance sheet date. In estimating the fair value of the compensation costs, market-based

performance conditions are taken into account. The cost is charged to the income statement on a basis that fairly reflects the manner in which the benefits will accrue to the employees under the respective plans over the vesting period.

Our Company has made an application to the SGX-ST for permission to deal in and for quotation of the Plan Shares which may be issued pursuant to the grant of Awards under the Share-Based Incentive Plans. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, the Shares or the Plan Shares.

SERVICE AGREEMENTS

Our Group entered into separate service agreements (the “Service Agreements”) with Terence Donald O’Connor and Kee Kim Eng on 1 April 2008 and 1 November 2008 respectively. The Service Agreements will subsist until employment with our Group terminates, or upon 6 months written notice to terminate the Service Agreement by either party. Either party shall be entitled to salary in lieu of notice or of any unexpired period of notice. We may terminate the respective Service Agreement without written notice, payment in lieu of notice nor entitlements if the party named above, *inter alia*, (i) becomes bankrupt or enters into any arrangement or composition with his creditors, (ii) is convicted of any criminal offence other than a road traffic offence in Singapore or elsewhere for which a fine or non-custodial penalty is imposed, or (iii) is guilty of gross default or misconduct or wilful neglect, refusal of or breach of duty to our Group or to his obligations under the terms in the Service Agreement.

For Terence Donald O’Connor, if he is resident in Singapore at such time the Service Agreement is terminated, he and his spouse are entitled to reimbursement for economy class air passage back to the United Kingdom. This does not apply if termination notice is given by either party within 1 year of the start of the Service Agreement, or if he finds alternative employment in Singapore within 1 month of termination of employment. We will also arrange to return his personal goods to the United Kingdom or another location where the cost does not exceed that of the United Kingdom, subject to a maximum of S\$10,000.

Save as disclosed above, there are no existing or proposed service agreements entered or to be entered into between our Directors and our Group.

Our Group has also entered into letters of employment with our executive officers. Such contracts typically provide for the salary payable to these executive officers, their working hours, annual leave and grounds of termination.

James Edward Friel, our Chief Operating Officer, currently has plans to retire from his position within our Group at the end of FY Mar 2014. We are currently taking active steps to find a suitable candidate to replace Mr Friel.

CORPORATE GOVERNANCE

Our Group recognises the importance of corporate governance and the maintenance of high standards of accountability to the Shareholders. A discussion of the corporate governance procedures in relation to our Company is set out below.

Board Practices

The Articles of Association provide that the Board of Directors will comprise at least 1 director. The Directors do not currently have a fixed term of office. The Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. A retiring director shall be eligible for re-election. Directors who retire in each year will be those, subject to retirement by rotation, who have been longest in office for the longest period of time since their last re-election or appointment.

Pursuant to the Code of Corporate Governance, the chairman of the board of directors and the chief executive officer or managing director of a company should be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the board of directors for independent decision-making. The chairman of the Board of Directors is Jack Hennessy.

The Directors are therefore of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Board of Directors is independent and based upon collective decision-making.

The Board of Directors has established 3 committees: (1) the Nominating Committee; (2) the Remuneration Committee; and (3) the Audit Committee.

Nominating Committee

Our Nominating Committee comprises Jack Hennessy, Chey Chor Wai and Kewee Kho. The Chairman of the Nominating Committee is Kewee Kho. The Nominating Committee will:

- (a) review and recommend the (i) board succession plans of the Directors, in particular the Chairman and Chief Executive Officer, (including Independent Directors) taking into consideration each Director's contribution and performance; (ii) the development of a process for evaluation of the performance of the Board of Directors, the board committees and Directors; (iii) the review of training and professional development programmes for the Board of Directors; and (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- (b) review annually the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- (c) determine annually whether or not a Director is independent in accordance with the Code of Corporate Governance and any other salient factors;
- (d) decide whether or not a Director is able to and has been adequately carrying out his duties as a director;
- (e) review and approve of any new employment of related persons and the proposed terms of their employment; and
- (f) recommend to the Directors, candidates for senior management positions and candidates for directorships (including executive directorships).

The Board of Directors will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises Jack Hennessy, Chey Chor Wai and Kewee Kho. The Chairman of the Remuneration Committee is Jack Hennessy. Under the Code of Corporate Governance, it is recommended that the Chairman of the Remuneration Committee be independent. Mr Jack Hennessy has been a director of CSL since July 2007 and a Director of our Company since March 2010. He is familiar with the level and structure of our Group's

remuneration policies having formulated the executive remuneration packages for key executives of our Group together with advice from external remuneration consultants. Although Mr Jack Hennessy is a non-independent Director as he is a nominee of our Shareholder, Singapore Retail Group Limited, our Directors are of the view that he will be able to effectively discharge his duties as Chairman of the Remuneration Committee and that there will be no risk of any potential conflict of interest resulting from him assuming this role.

The Remuneration Committee will:

- (a) recommend to the Board of Directors a framework of remuneration for the Directors, Chief Executive Officer and key executives;
- (b) review and recommend specific remuneration packages for each Director as well as key executive;
- (c) review all aspects of remuneration, including directors' fees, salaries, allowances, bonuses and other benefits in kind;
- (d) review and ensure that the remuneration of Non-Executive Directors is appropriate to the level of contribution by them, taking into account factors such as effort and time spent, and responsibilities of the Directors; and
- (e) implement and administer the Share-Based Incentive Plans.

The recommendations of the Remuneration Committee should be submitted for endorsement by the entire Board of Directors. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

Audit Committee

Our Audit Committee comprises Jack Hennessy, Chey Chor Wai and Kewee Kho. The Chairman of the Audit Committee is Chey Chor Wai. The Audit Committee will:

- (a) review with our Company's external auditors the audit plan, their scope of work, their evaluation of the system of internal accounting controls, their management letter and our Company's management's response, and results of our Company's audits conducted by internal and external auditors;
- (b) review the reports of our Company's external auditors as well as the independence and objectivity of the external auditors;
- (c) review the co-operation given by our Company's officers to the external auditors;
- (d) review the half-yearly and annual, and quarterly, if applicable, financial statements of our Company and our subsidiaries before their submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Manual and any other statutory/regulatory requirements in relation to financial reporting;
- (e) review the significant financial reporting issues and judgments so as to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (f) review the effectiveness and adequacies of our Company's internal control and procedures, including accounting and financial, operational, compliance and information technology,

controls and procedures and ensure coordination between the internal and external auditors and our Company's management, reviewing the assistance given by our Company's management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

- (g) approve our Company's internal audit plans;
- (h) monitoring the implementation of outstanding internal control recommendations highlighted by the Auditors in the course of their audit of the statutory financial statements;
- (i) review interested person transactions (if any);
- (j) making recommendations to the Board of Directors on the proposal to the Shareholders, on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- (k) review and consider transactions in which there may be potential conflicts of interests between our Company and our interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board of Directors or voting on resolutions of the Board of Directors or the Shareholders in relation to such transactions;
- (l) review and approve procedures to hedge the exposure to interest rates and foreign currency fluctuations (if any) and ensure that derivative instruments will not be used for speculative purposes;
- (m) undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- (n) generally to undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

In addition, our Audit Committee shall commission and review 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, rule or regulation which has or is likely to have a material impact on our Company's results of operation and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolutions in respect of matters in which he is interested.

Adequacy of internal controls

Our Group has an internal audit department for reviewing and implementing appropriate internal accounting controls. The internal audit department is headed by an Internal Audit Director who oversees the teams in Singapore and Malaysia which comprise three persons each. The Internal Audit Director has various relevant qualifications for example, Certified Internal Auditor, Certified Fraud Examiner and Certified Public Accountant. The internal audit department reports to the Audit Committee. The internal audit department also issues reports on monthly and quarterly basis on audit plans and audit findings. Our Group's internal audit function complies with the Institute of Internal Auditors' standards. The internal audit function also renews the Corporate Risk Assessment exercises and the Corporate Risk Register on a yearly basis.

Following our listing on the Main Board of the SGX-ST, the internal audit department will report to our Audit Committee who will be responsible for approving internal audit policies and plans. The internal audit department's objective, under the direction and supervision of our Audit Committee,

is to examine and evaluate the internal control environment, systems and procedures (including risk management) in order to ensure efficiency in our operations and compliance with prevailing rules and regulations. Our Audit Committee will review the effectiveness of the internal audit function and, if necessary, expand or outsource the internal audit function to ensure its effectiveness within our Group.

In addition, our Group has a compliance team in the credit department that ensures, amongst others, that credit sanctioning process and procedures complies with the Company's internal controls on credit. To this end, the company keeps a record of each relevant customer's profile so as to be able to ascertain the credit limit that may be granted to them. The Company intends to appoint a Head of Risk Management who will oversee and coordinate our Group's risk management function.

Based on the foregoing, our Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address the financial, operational and compliance risks of our Group.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

PAST, PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

In general, transactions between our Company and our subsidiaries and any of its interested persons (namely, our Directors or Controlling Shareholders or the associates of such Directors or Controlling Shareholders) are interested person transactions. Save as disclosed under the sections entitled “Group Structure” and “Ownership of the Shares — Information on Management Subscription Tranche” in this Prospectus and in this section, there are no material interested person transactions involving our Company and our subsidiaries in FY Mar 2010, FY Mar 2011 and FY Mar 2012, and during the period from 1 April 2012 to the Latest Practicable Date.

Past Interested Person Transactions

Details of the past transactions between our Company and our subsidiaries and their interested persons which are material in the context of the Offering, for FY Mar 2010, FY Mar 2011 and FY Mar 2012, and during the period from 1 April 2012 to the Latest Practicable Date are as follows:

Guarantees provided by our Company and CSL in respect of loan to ARG

Our Company had on 15 March 2010 and CSL had on 27 February 2009, provided guarantees to Standard Bank Asia Limited to secure a US\$100 million banking facility extended by Standard Bank Asia Limited to ARG. This facility was granted to ARG pursuant to a loan agreement entered into between Standard Bank Asia Limited and ARG dated 7 December 2007 (which was subsequently amended and restated on 24 December 2008 and further amended on 31 December 2009 and 29 December 2010), for the purposes of the acquisition of the entire share capital of CSL and CMB by ARG, through its subsidiaries. The guarantees were subsequently novated from Standard Bank Asia Limited to Standard Bank plc on 12 April 2012, pursuant to a similar novation of the facility. The guarantees issued were secured by a debenture deed which provided fixed and floating charges on certain assets of CSL. The bank also had security over the shares of CMB and CSL. The loan to ARG was originally repayable by 30 September 2009. However, the termination date of the loan has since been extended to 31 January 2013. On 27 June 2012, our Company and CSL were released from all obligations as guarantors and obligors under the loan to ARG.

The largest aggregate amount outstanding guaranteed during the periods under review was US\$85,168,000. The above transaction was not undertaken on normal commercial basis and on an arm's length basis. We do not intend to enter into transactions of a similar nature with ARG after our listing on the SGX-ST.

Guarantees provided by ARG and MRG pursuant to the Syndicated Credit Facilities

On 3 March 2010, ARG and MRG provided corporate guarantees to OCBC Bank (Malaysia) Berhad and OSK Investment Bank Berhad to secure the Syndicated Credit Facilities extended to CMB. On 3 March 2010, CMB undertook to write to OCBC Bank (Malaysia) Berhad within 90 days from the date of the listing of our Company to seek its consent for our Company to guarantee the Syndicated Credit Facilities in lieu of ARG and MRG.

The aggregate amount outstanding under the Syndicated Credit Facilities in FY Mar 2010, FY Mar 2011 and FY Mar 2012, and during the period from 1 April 2012 to the Latest Practicable Date were:

	FY Mar 2010	FY Mar 2011	FY Mar 2012	1 April 2012 to Latest Practicable Date
Aggregate amounts	S\$25,718,000	S\$45,405,000	—	—

The largest amount outstanding on the Syndicated Credit Facilities during the last 3 financial years ended 31 March 2010, 31 March 2011 and 31 March 2012 and during the period from 1 April 2012 to the Latest Practicable Date was S\$59,680,000. The interest rates attributable to the Syndicated Credit Facilities ranged from 8.3% to 9.53% per annum.

The above transaction was not undertaken on normal commercial basis and on an arm's length basis. The Syndicated Credit Facilities was fully repaid on 9 January 2012 and we do not intend to enter into transactions of a similar nature after our listing on the SGX-ST.

Trademark licence agreement between CSL and ARG

Pursuant to a trademark licence agreement entered into between ARG and CSL dated 15 December 2008 (the "CSL Trademark Licence Agreement"), ARG granted CSL the exclusive and revocable right to use and exploit certain trademarks owned by ARG in Singapore, in relation to the operation of the Singapore stores. As consideration under the CSL Trademark Licence Agreement, CSL was to pay ARG an annual fee amounting to 2.5% of the total gross revenue of CSL (less applicable taxes and government charges actually incurred). The consideration was arrived at based on an independent valuation conducted.

The trademark licence fees incurred by CSL to ARG in FY Mar 2010, FY Mar 2011 and FY Mar 2012, and during the period from 1 April 2012 to the Latest Practicable Date were as follows:

	FY Mar 2010	FY Mar 2011	FY Mar 2012	1 April 2012 to Latest Practicable Date
Trademark license fees . .	S\$1,609,667	—	—	—

The largest amount outstanding during the period under review was S\$1,609,667 and was fully settled during FY Mar 2010. ARG waived all outstanding trademark licence fees payable by CSL to ARG under the CSL Trademark Licence Agreement. The above-mentioned transactions between CSL and ARG subsequently ceased with effect from 31 December 2009. The above transaction was not undertaken on normal commercial basis and on an arm's length basis. We do not intend to enter into transactions of a similar nature with ARG after our listing on the SGX-ST.

Trademark licence agreement between CMB and ARG

Pursuant to a trademark licence agreement entered into between ARG and CMB dated 1 October 2007 (the "CMB Trademark Licence Agreement"), ARG granted CMB the exclusive and revocable right to use and exploit certain trademarks owned by ARG in Malaysia, in relation to the operation of the Malaysia stores. As consideration, CMB paid ARG an annual fee amounting to 2.5% of the total gross revenue of CMB and its subsidiaries (less applicable taxes and government charges actually incurred). The consideration was arrived at based on an independent valuation conducted.

The trademark licence fees incurred by CMB to ARG in FY Mar 2010, FY Mar 2011 and FY Mar 2012, and during the period from 1 April 2012 to the Latest Practicable Date were as follows:

	FY Mar 2010	FY Mar 2011	FY Mar 2012	1 April 2012 to Latest Practicable Date
Trademark license fees . .	S\$5,332,798	—	—	—

The largest amount outstanding during the period under review was S\$7,862,472. ARG waived all outstanding trademark licence fees payable by CMB to ARG under the CMB Trademark Licence Agreement. The above transaction was not undertaken on normal commercial basis and on an arm's length basis. We do not intend to enter into transactions of a similar nature with ARG after our listing on the SGX-ST.

Trademark Transfer Agreements between our Company and each of ARG and the Vendor

As part of the Restructuring Exercise, the Trademark Transfer Agreements were executed on 30 December 2010, pursuant to which, the rights of ARG and the Vendor to the 'Courts' brand and/or other brands in Singapore, Malaysia and 11 other countries in the Asia Pacific region, which includes the trademarks under the CSL Trademark Licence Agreement and the CMB Trademark Licence Agreement, were transferred to our Company. Contemporaneously and in connection with the Trademark Transfer Agreements, the CSL Trademark Licence Agreement and CMB Trademark Licence Agreement were terminated by the Deeds of Discharge. The aggregate consideration paid to ARG and the Vendor was US\$19.0 million. We arrived at the consideration of US\$19.0 million based on, *inter alia*, the following factors: (a) the estimated indicative range of fair values of between US\$16.2 million and US\$20.1 million of the 'Courts' trademarks (the "Trademarks") in Singapore, Malaysia, Indonesia, Thailand, Brunei, Japan, China, Australia, India, Hong Kong, Philippines, Sri Lanka and New Zealand (the "Selected Territories") forming the subject of the independent valuation letter as at 30 September 2010, issued by Deloitte & Touche Financial Advisory Services Pte. Ltd. (the "Independent Valuer"), for the purposes of facilitating our Group's internal decision making process pertaining to the financing of the acquisition of the Trademarks as well as impairment assessment of the Trademarks (the "Purposes"); (b) the terms offered by ARG and the Vendor; (c) the recognition of the trademarks which our Group operates; and (d) the future benefits that the trademarks will bring to our Group.

In estimating the indicative range of fair values of the Trademarks for the Purposes, the Independent Valuer had considered with reference to the valuation date of 30 September 2010, *inter alia*, the following:

1. the track record and financial performance of the underlying businesses of our Group in the Selected Territories;
2. the qualitative assessment by the management of our Group in relation to the strength of the Trademarks;
3. observable royalty rates of selected comparable trademark licensing agreements from a third party database;
4. the earnings before income tax margins of selected comparable companies;
5. revenue projections of our Group's businesses in Singapore and Malaysia derived from (i) projections provided by the management of our Group, (ii) industry growth forecasts from an independent third party source, and (iii) consumer price inflation forecasts for Singapore and Malaysia from an independent third party source;
6. the Independent Valuer's assessment of the discount rates applicable to the Trademarks in Singapore and Malaysia;

7. the costs of registering the Trademarks; and
8. advertising expenses.

Certain of the rights of ARG and the Vendor to the 'Courts' brand and/or other brands in some territories including New Zealand and Brunei are in the process of renewal and registration and this was taken into consideration by Deloitte & Touche Financial Advisory Services Pte. Ltd. when arriving at the estimated indicative range of fair values of the Trademarks for the Purposes stated above as well as by our Company in arriving at the consideration amount.

The above transaction was undertaken on normal commercial basis and on an arm's length basis. We do not intend to enter into transactions of a similar nature with ARG and the Vendor after our listing on the SGX-ST.

Guarantee provided by ARG pursuant to the OCBC Bridging Loan Facility

On 5 January 2010, ARG had provided a corporate guarantee to OCBC Bank (Malaysia) Berhad to secure the OCBC Bridging Loan Facility extended to CMB. On 8 March 2010, the OCBC Bridging Loan Facility was fully repaid by CMB.

The largest aggregate amount outstanding guaranteed by ARG during the period under review was RM20 million. The above transaction was not undertaken on normal commercial basis and on an arm's length basis. We do not intend to enter into transactions of a similar nature with ARG after our listing on the SGX-ST.

Present and Ongoing Interested Person Transactions

Corporate services agreement entered into with ARG

We entered into a corporate services agreement with ARG on 19 June 2012 in connection with certain corporate services which certain members of our management team has been providing to the Vendor and ARG in connection with the proposed sale of the Vendor Shares. The corporate services covered include, among others, meetings, presentations and active participation in the process as well as any other services required in connection with the proposed sale. The corporate services agreement is retroactive and pursuant to the corporate services agreement, ARG paid us a fee of S\$1,760,130 for FY Mar 2012. No fees were paid for FY Mar 2010 and FY Mar 2011. The aggregate fees were arrived at based on the actual time spent by each employee in carrying out the corporate services and such employee's hourly rate.

The transaction above was undertaken on normal commercial basis and on an arm's length basis and we do not intend to enter into transactions of a similar nature with ARG after our listing on the SGX-ST.

GENERAL GUIDELINES AND REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will adopt certain guidelines and review procedures for future interested person transactions (if any) in general, to ensure that such transactions are undertaken on an arm's length's basis, on reasonable commercial terms and will not be prejudicial to our Company and our minority Shareholders:

- (a) when purchasing items from or engaging the services of an interested person, 2 other quotations from non-interested persons will be obtained (where available) for comparison. All pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration in assessing the quotations obtained and, as a general rule, with all factors being equal, the price or fee paid to the interested person shall not be higher than the most competitive price or fee of the 2 other quotations from non-interested persons. If such

quotations cannot be obtained, an Executive Director and an Executive Officer (who have no interest, direct or indirect) in the transaction, or our Audit Committee (if the value of the transaction exceeds S\$100,000), will determine whether the prices and terms offered by the interested person is fair and reasonable, taking into account, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the relevant project (if any) and the quality of the items or services to be purchased; and

- (b) when selling items or supplying services to an interested person, the price or fee and terms of 2 other successful transactions of a similar nature with non-interested persons will be used for comparison (where available). All pertinent factors will be taken into consideration in assessing the previous transactions and, as a general rule, with all factors being equal, the sale price or fee for the supply of services paid by the interested person shall not be lower than the lowest sale price or fee of the 2 other successful transactions with non-interested persons. If such quotations cannot be obtained, an Executive Director and an Executive Officer (who have no interest, direct or indirect) in the transaction, or our Audit Committee (if the value of the transaction exceeds S\$100,000), will determine whether the prices and terms offered by the interested person is fair and reasonable, taking into account, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the relevant project (if any) and the quality of the items or services to be purchased.

REVIEW BY AUDIT COMMITTEE

Our Audit Committee will review all future interested person transactions, if any, at least half-yearly to ensure that they are carried out on normal commercial terms and are in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee shall request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit. In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction.

In the course of such periodic reviews, our Audit Committee will adopt new guidelines and review procedures for future interested person transactions (if any) if it is of the opinion that the guidelines and procedures set out above are not sufficient to ensure that the interests of our Company and our minority Shareholders are not prejudiced. In addition, our Audit Committee will include the review of such future interested person transactions as part of its standard procedures while examining the adequacy of our Company's internal controls.

The Board of Directors will also ensure that all disclosure, approval and other requirements on such interested person transactions, including those required by prevailing legislation, the Listing Manual, are complied with. Such transactions will also be subject to the approval of Shareholders if required by the Listing Manual. We will also endeavour to comply with the principles of the Code of Corporate Governance.

POTENTIAL CONFLICT OF INTERESTS

As at the Latest Practicable Date, none of our Directors or Controlling Shareholders or any of their associates:

- (a) has had any interest, direct or indirect, in any material transactions to which our Group was or is a party;
- (b) has any interest, direct or indirect, in any entity carrying on the same business or carrying on a similar trade as our Group, or dealing in similar products which competes materially and directly with the existing business of our Group; and
- (c) has any interest, direct or indirect, in any enterprise or company that is a customer or supplier of goods and services of our Group.

SHARE CAPITAL

Our Company was incorporated in Singapore on 18 January 2010 under the Companies Act as a private limited company under the name of “Courts Asia Pte. Ltd.” (Registration No. 201001347K). On 2 October 2012, we changed our name to “Courts Asia Limited” in connection with our conversion into a public company limited by shares. As at the date of this Prospectus, our Company’s issued and paid-up share capital was S\$221,129,001 comprising 500,000,000 Shares.

We have only one class of Shares in our share capital. The rights and privileges of our Shareholders are as stated in our Articles of Association. A summary of the Articles of Association of our Company relating to, among others, the voting rights of Shareholders is set out in Appendix H to this Prospectus. There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose.

On 1 October 2012, pursuant to Section 179(6) of the Companies Act, the Vendor, as the sole shareholder of our Company approved, *inter alia*, the following:

- (a) the consolidation of every 2 Shares in our issued share capital into 1 Share (the “Consolidation”);
- (b) the sub-division of each Share in our issued share capital into 5 Shares (the “Sub-division”);
- (c) the conversion of our Company into a public limited company and the change of name to “Courts Asia Limited”;
- (d) the adoption of a new set of Articles of Association;
- (e) the allotment and issue of the New Shares. The New Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (f) that authority be given, pursuant to Section 161 of the Companies Act, to the Directors to (i) allot and issue Shares in our Company (whether by way of rights, bonus or otherwise); and (ii) make or grant any offer, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instrument convertible into Shares at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that:
 - (1) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued to in pursuance of Instruments made or granted pursuant to such authority) (the “Shares Issues”) shall not exceed 50% of the total number of Shares in the post-Offering issued share capital of our Company (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to the then existing Shareholders of our Company shall not exceed 20% of the number of Shares in the post-Offering issued share capital of our Company (excluding treasury shares);
 - (2) the aggregate number of Shares to be issued pursuant to such authority by way of a renounceable issue on a *pro rata* basis to Shareholders of our Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) (the “Renounceable Rights Issues”) does not exceed 50% of the number of Shares in the post-Offering issued share capital of our Company (excluding treasury shares); and
 - (3) the number of Shares to be issued pursuant to the Shares Issues and the Renounceable Rights Issues shall not, in aggregate exceed 50% of the total number of issued Shares (excluding treasury shares);

- (4) for the purpose of determining whether the aggregate number of Shares exceeds the 50% limit, the percentage of issued Shares (excluding treasury shares) shall be based on the total number of Shares issued pursuant to such authority (unless the SGX-ST's prevailing regulations and requirements otherwise provide);
- (g) that without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in (f) above, authority be given to the Directors of our Company to issue Shares other than on a *pro rata* basis to Shareholders of our Company, at a discount not exceeding 10% to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit,

provided that:

- (A) in exercising the authority conferred by this resolution (g), our Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of our Company; and
- (B) (unless revoked or varied by our Company in general meeting) the authority conferred by this resolution (g) shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

Unless revoked or varied by our Company in general meeting, such authority shall continue in full force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting is required by law or by the Articles of Association to be held, whichever is earlier, except that our Directors shall be authorised to allot and issue new Shares pursuant to convertible securities notwithstanding that such authority has ceased.

For the purposes of this resolution and pursuant to Rules 806(3) and 806(4) of the Listing Manual, "post-Offering issued share capital" shall mean the enlarged issued share capital of our Company after the Offering (excluding treasury shares), after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising of any convertible securities or share options or vesting of share awards outstanding or subsisting at the time such authority is given, providing the options or awards were granted in compliance with the Listing Manual; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

As at the Latest Practicable Date, the issued and paid-up share capital of our Company is S\$221,129,001 comprising 200,000,000 Shares. Upon the Consolidation and Sub-division and the allotment and issue of the New Shares which are the subject of the Enlarged Offering, the resultant issued share capital of our Company will be increased to S\$264,952,000 comprising 560,000,000 Shares.

Details of changes in our Company's issued share capital since our date of incorporation and immediately after the Enlarged Offering are as follows:

	Number of shares	Resultant issued share capital (S\$)
Issued and fully paid Shares as at the date of incorporation of our Company	1	1
Issue of 199,999,999 new Shares pursuant to the Restructuring Exercise on 23 March 2010	200,000,000	221,129,000
Consolidation	100,000,000	221,129,000
Sub-division	500,000,000	221,129,000
Pre-Offering share capital	500,000,000	221,129,000
New Shares to be issued pursuant to the Enlarged Offering	60,000,000	43,823,000
Post-Offering share capital	560,000,000	264,952,000

The shareholders' equity of our Company: (i) as at incorporation; (ii) after adjustment to reflect the Restructuring Exercise, the Consolidation and the Sub-division; and (iii) after the Enlarged Offering are set out below. These statements should be read in conjunction with the consolidated financial statements of our Group set out in Appendix A, Appendix B and Appendix C of this Prospectus.

	As at date of incorporation (S\$)	After adjusting for the Consolidation, Sub-division and Restructuring Exercise (S\$)	After the Enlarged Offering (S\$)
Shareholders' equity			
Share capital	1	221,129,000	264,952,000
Reserves	—	1,850,000	1,850,000
Total shareholders' equity.	1	219,279,000	266,802,000

OWNERSHIP OF THE SHARES

THE VENDOR

As at the Latest Practicable Date, the Vendor is the sole Shareholder of all the Shares of our Company in issue. The Vendor will hold at least 68.2% of the Shares in issue after the Listing Date and will accordingly remain a Controlling Shareholder.

Details of the Vendor Shares offered by the Vendor in the Enlarged Offering are set out below:

Vendor	Vendor Shares offered	% of total number of Shares in issue before the Enlarged Offering ¹	% of total number of Shares in issue immediately after the Enlarged Offering ²
SRG	118,000,000	23.6	21.1

Notes:

- (1) Based on the pre-Offering total number of issued Shares of 500,000,000 Shares as at the date of this Prospectus.
- (2) Based on the post-Offering total number of issued Shares in issue of 560,000,000 Shares.

The following table sets out the number of Shares held by the Vendor immediately before and immediately after the Enlarged Offering:

Vendor	Immediately before the Enlarged Offering		Immediately after the Enlarged Offering	
	Number of Shares	% of total number of Shares in issue ¹	Number of Shares	% of total number of Shares in issue ²
SRG	500,000,000	100	382,000,000	68.2

Notes:

- (1) Based on the pre-Enlarged Offering total number of issued Shares of 500,000,000 Shares.
- (2) Based on the post-Enlarged Offering total number of issued Shares in issue of 560,000,000 Shares (assuming the Over-allotment Option is not exercised).

LIST OF SUBSTANTIAL SHAREHOLDERS

The following table sets out, to the knowledge of our Company immediately before the Enlarged Offering, the Shareholders with interests in the Shares, whether direct or deemed (as defined in Section 4 of the SFA), constituting not less than 5% of all the Shares in issue (the "Substantial Shareholders") and their respective holdings immediately after the Enlarged Offering:

	Immediately before the Enlarged Offering ⁽¹⁾				After the Enlarged Offering (assuming the Over-allotment Option is not exercised)				After the Enlarged Offering (assuming the Over-allotment Option is fully exercised)			
	Direct interest		Deemed interest		Direct interest		Deemed interest		Direct interest		Deemed interest	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Directors												
Jack Hennessy	—	—	—	—	—	—	—	—	—	—	—	—
Terence Donald O'Connor	—	—	—	—	12,857,000	2.3	—	—	12,857,000	2.3	—	—

	Immediately before the Enlarged Offering ⁽¹⁾				After the Enlarged Offering (assuming the Over-allotment Option is not exercised)				After the Enlarged Offering (assuming the Over-allotment Option is fully exercised)			
	Direct interest		Deemed interest		Direct interest		Deemed interest		Direct interest		Deemed interest	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Adnan Abdulaziz Ahmed AlBahar	—	—	—	—	—	—	—	—	—	—	—	—
Kee Kim Eng.	—	—	—	—	1,428,000	0.3	—	—	1,428,000	0.3	—	—
Chey Chor Wai	—	—	—	—	—	—	—	—	—	—	—	—
Kewee Kho	—	—	—	—	—	—	—	—	—	—	—	—
Shareholders												
The Vendor ⁽²⁾	500,000,000	100	—	—	382,000,000	68.2	—	—	364,841,000	65.2	—	—
ARG ⁽³⁾⁽⁴⁾	—	—	500,000,000	100	—	—	382,000,000	68.2	—	—	364,841,000	65.2
BPEA ⁽⁴⁾⁽⁵⁾	—	—	500,000,000	100	—	—	382,000,000	68.2	—	—	364,841,000	65.2
Topaz ⁽⁶⁾	—	—	500,000,000	100	—	—	382,000,000	68.2	—	—	364,841,000	65.2
Standard Bank plc ⁽⁴⁾⁽⁷⁾	—	—	500,000,000	100	—	—	—	—	—	—	—	—
Public and institutional investors												
.	—	—	—	—	163,715,000	29.2	—	—	180,874,000	32.3	—	—
Total	500,000,000	100.0	—	—	560,000,000	100.0 ⁽⁸⁾	—	—	560,000,000	100.0 ⁽⁸⁾	—	—

Notes:

- (1) These Shareholding figures assume that the Shares transfers to be effected pursuant to the Acquisitions (as defined herein) have not taken place.
- (2) On 29 December 2010, the Vendor charged all of the Shares held by it in our Company in favour of Standard Bank Asia Limited, which were subsequently novated to Standard Bank plc on 12 April 2012. In view of the Offering, Standard Bank plc has agreed with ARG that it will discharge the charge over the Vendor Shares and Additional Shares on the date the Underwriting Agreement is signed, upon satisfaction of certain conditions including arrangements for the proceeds from the Offering received by the Vendor being applied towards full repayment of all amounts owing by ARG to Standard Bank plc.
- (3) ARG is the sole shareholder of SRG and is therefore deemed to be interested in the holdings of SRG. BPEA, Topaz, Standard Bank plc and DB International (Asia) Limited hold 32.8%, 32.8%, 25.0% and 9.4% of ARG respectively. DB International (Asia) Limited is a company incorporated in Singapore, and is an indirect wholly-owned subsidiary of Deutsche Bank AG.
- (4) BPEA had on 26 September 2012 and 25 September 2012 respectively, entered into separate sale and purchase agreements to acquire from Standard Bank plc, inter alia, all the issued share capital of ARG held by Standard Bank plc, and to acquire from DB International (Asia) Limited, inter alia, all the issued share capital of ARG held by DB International (Asia) Limited (the “Acquisitions”). Completion of these acquisitions are expected to take place on or before the Listing Date. See “Ownership of the Shares — Change in Control of our Group” for further details.
- (5) As at the date of lodgment of this Prospectus, BPEA holds 32.8% of the issued share capital of ARG and is deemed to be interested in the holdings of ARG.
- (6) Topaz holds 32.8% of the issued share capital of ARG and is deemed to be interested in the holdings of ARG. Topaz, an investment holding company incorporated in the British Virgin Islands, is a wholly-owned subsidiary of The International Investor K.S.C. (Closed), a Kuwaiti company.
- (7) As at the date of lodgment of this Prospectus, Standard Bank plc holds 25.0% of the issued share capital of ARG and is deemed to be interested in the holdings of ARG.
- (8) May not add up due to rounding differences.

Save as disclosed in “Management and Corporate Governance — Management — The Board of Directors”, there is no relationship between our Directors, our Executive Officers and our Shareholders. Save as disclosed above, none of the Executive Officers and employees has 5% or more in the total number of issued Shares of our Company after the Enlarged Offering.

Save as disclosed above, our Group is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly.

Shares held by the Shareholders do not carry different voting rights from the Offering Shares, the Cornerstone Shares or the Management Shares.

Save for the subscription of the Management Shares by Terence Donald O’Connor, none of our Directors or our Executive Officers intends to subscribe for and/or purchase more than 5% of the Enlarged Offering. See “Ownership of the Shares — Change in control of our Group” for further details.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as discussed in the “Business — History” section, there were no significant changes in the percentage ownership of our Group during FY Mar 2010, FY Mar 2011, FY Mar 2012 and from 1 April 2012 up to the Latest Practicable Date.

INFORMATION ON CORNERSTONE INVESTORS

JF Asset Management Limited

JF Asset Management Limited on behalf of the investment management funds for whom either it or its affiliate has been appointed as investment manager entered into a Cornerstone Subscription Agreement with our Company. JF Asset Management Limited is the Asia Pacific equity investment arm of J.P. Morgan Asset Management. With a network of investment professionals based in the region, JF Asset Management Limited manages US\$78 billion for investors worldwide.

New Silk Road Investment Pte Ltd

New Silk Road Investment Pte Ltd is a company incorporated in Singapore. New Silk Road Investment Pte Ltd specialises in equity investment in Asia Pacific markets and practices value investing philosophy.

Target Asset Management Pte Ltd

Target Asset Management Pte Ltd was established in Singapore in April 1996. It specialises in equity investment in the Asian markets and practices value investing philosophy. Target Asset Management Pte Ltd was founded by Mr Teng Ngiek Lian, a former managing director of Morgan Grenfell Investment Management Asia and former managing director of UBS Asset Management, Singapore. Mr Teng Ngiek Lian has more than 40 years of industrial and investment experience in Asia.

Value Partners Hong Kong Limited

Value Partners Hong Kong Limited on behalf of the funds it manages entered into a Cornerstone Subscription Agreement with our Company. Value Partners Hong Kong Limited acts as an investment manager or investment advisor to certain investment funds and is a leading Asia Pacific asset management company headquartered in Hong Kong and a wholly-owned subsidiary of Value Partners Group Limited, a company listed on the Hong Kong Stock Exchange. The company's products include a range of absolute return long-biased equity investment funds which invest in the Asia Pacific equity markets, with some focusing on the greater China markets. Value Partners Hong Kong Limited also provides investment advisory services for institutional investors. The products and services offered by the company also form part of a comprehensive range of investment solutions offered by the Value Partners Group under Value Partners brand and the Sensible Asset Management brand.

In the event that any one or more Cornerstone Investors fail to subscribe for and pay for the Cornerstone Shares which they have committed to subscribe, the Enlarged Offering may still proceed and subscribers or purchasers of the Shares will still be required to pay for and complete their subscriptions and/or purchase of Shares pursuant to the Offering.

INFORMATION ON MANAGEMENT SUBSCRIPTION TRANCHE

Terence Donald O'Connor and Kee Kim Eng

Mr Terence Donald O'Connor, our Chief Executive Officer and Executive Director and Ms Kee Kim Eng our Chief Financial Officer and Executive Director, respectively, have entered into a Subscription Agreement (as supplemented by a supplemental letter) with our Company and the Vendor for the subscription and/or purchase of up to S\$11 million worth of Shares at the Offering Price. HSBC will extend a loan of S\$11 million to Mr Terence Donald O'Connor for this purpose. Such loan will be unsecured and will only be drawn no more than 2 days prior to the Listing Date. The loan is expected to be fully repaid upon the listing of the Shares on the SGX-ST with the funds received by Mr Terence Donald O'Connor from ARG under the Transaction Bonus Arrangement. See also "Management and Corporate Governance — Current incentive arrangements with ARG which will cease upon the listing of our Company — Transaction bonus arrangement with ARG". See "Ownership of Shares — List of Substantial Shareholders" for further details.

The Cornerstone Investors may subscribe for and/or purchase Offering Shares in the Offering.

In the event that any one or more Cornerstone Investors fail to pay for the Cornerstone Shares which they have committed to subscribe and/or purchase, the Enlarged Offering may still proceed and subscribers and/or purchasers of the Shares will still be required to pay for and complete their subscriptions and/or purchase of Shares pursuant to the Offering.

CHANGE IN CONTROL OF OUR GROUP

BPEA had on 26 September 2012 and 25 September 2012 respectively, entered into separate sale and purchase agreements to acquire from Standard Bank plc, inter alia, all the issued share capital of ARG held by Standard Bank plc, and to acquire from DB International (Asia) Limited, inter alia, all the issued share capital of ARG held by DB International (Asia) Limited. Upon completion of the aforesaid acquisition from Standard Bank plc and DB International (Asia) Limited by BPEA, the shareholding of BPEA in ARG will increase from 32.8% to 67.2% and the shareholding of Standard Bank plc and DB International (Asia) Limited will correspondingly decrease to nil. Accordingly, Standard Bank plc and DB International (Asia) Limited will no longer be deemed interested in the holdings of ARG subsequent to the aforementioned acquisition. Completion of these acquisitions are expected to take place on or before the Listing Date.

To the knowledge of our Directors, our Group will not be directly or indirectly owned or controlled by any corporation (other than as described in this section "Ownership of Shares and as disclosed above") immediately after the completion of the Enlarged Offering. Other than as described in this section "Ownership of Shares", our Group is not owned or controlled by any government or other natural or legal person.

Save as disclosed in this Prospectus and in particular in "Risk Factors", our Group is not currently aware of any arrangements, the operation of which may at a subsequent date result in a change of control of our Group.

TAXATION

SINGAPORE TAXATION

The comments below are of a general nature and are only a summary of the law and practice currently applicable in Singapore, and is not intended to be and does not constitute legal or tax advice. This summary is based on current tax laws in Singapore and is subject to changes in such laws, or in the interpretation thereof, which changes may be retrospective. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could disagree with the explanations or conclusions set out below.

The discussion below is not intended to constitute a complete analysis of all the tax consequences relating to the acquisition, ownership and disposal of the Shares by any person. Each prospective investor in the Shares should therefore consult its own tax advisers concerning the tax consequences of an investment in the Shares. The following discussion is also based upon the assumption that our Company is tax resident in Singapore.

Singapore Income Tax

Corporate income tax

Singapore tax resident and non-resident corporate taxpayers are subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign income in the form of branch profits, dividends and service fee income received or deemed received in Singapore by a Singapore tax resident corporate taxpayer is exempted from Singapore tax subject to meeting the following conditions:

- (a) the income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

The prevailing corporate tax rate is 17%. A partial tax exemption scheme is applicable on corporate taxpayers' first S\$300,000 income chargeable to income tax at 17% as follows:

- (i) First three Years of Assessment for Singapore incorporated companies tax resident in Singapore with no more than 20 individual shareholders of which at least one is an individual holding at least 10% of total number of issued ordinary shares throughout the basis period relating to the Year of Assessment of claim:
 - (a) 100% of first S\$100,000 chargeable income; and
 - (b) 50% of next S\$200,000 chargeable income.

(ii) All other cases:

(a) 75% of first S\$10,000 chargeable income; and

(b) 50% of next S\$290,000 chargeable income.

Individual income tax

Individual taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received by a Singapore tax resident individual is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore. Certain Singapore-sourced investment income received or deemed received by individuals is also exempt from tax.

Singapore tax resident individuals are subject to tax on their chargeable income at the progressive rates, ranging from 0% to 20%.

A non-Singapore tax resident individual is normally taxed at the tax rate of 20% except that Singapore employment income is taxed at a flat rate of 15% or at resident rates, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Tax on Distributions

Under the one-tier corporate tax system, the tax paid by a resident company is a final tax and the distributable profits of our Company can be paid to Shareholders as tax exempt (one-tier) dividends. Distributions paid by our Company will be exempt from tax in the hands of Shareholders, regardless of the tax residence status or the legal form of the Shareholders. However, foreign Shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Capital gains tax

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains. In general, gains or profits derived from the disposal of the Shares acquired for long-term investment purposes are considered as capital gains and not subject to Singapore tax.

On the other hand, where such gains or profits arise from activities which the Comptroller of Income Tax regards as the carrying on of a trade or business of dealing in shares in Singapore, gains or profits will ordinarily be taxed as income.

Stamp duty

There is no stamp duty payable on the subscription and issuance of the Shares.

Stamp duty is payable on the instrument of transfer of the Shares at the rate of S\$2 for every S\$1,000 or any part thereof, computed on the consideration paid or market value of the Shares registered in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Goods and Services Tax ("GST")

Sale of the Shares by an investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST.

Where the Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any input GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business carried on by him is recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the current rate of 7%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

PLAN OF DISTRIBUTION

THE OFFERING

The Enlarged Offering comprises 178,000,000 Shares (representing 31.8% of the total number of the Shares in issue as of Listing Date) for subscription and/or purchase under the Placement, the Public Offer, the Cornerstone Tranche and the Management Subscription Tranche at the Offering Price. The Offering Price was determined by agreement between our Company, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager. 76,895,000 Shares are being offered under the Placement, 8,900,000 Shares are being offered under the Public Offer. 77,920,000 Cornerstone Shares are being offered under the Cornerstone Tranche and 14,285,000 Management Shares are being offered under the Management Subscription Tranche.

The Shares may be reallocated between the Placement and the Public Offer at the discretion of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, following consultation with our Company and the Vendor.

The Public Offer is open to members of the public in Singapore. Investors who are members of CPF in Singapore may, subject to the applicable CPF rules and regulations, use their CPF Funds to subscribe for and/or purchase the Offering Shares. Under the Placement, the Shares are being offered by way of an international placement through the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager to investors, including institutional investors in Singapore.

Subject to the terms and conditions set forth in the underwriting agreement entered into between the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, our Company and the Vendor on 8 October 2012 (the "Underwriting Agreement"), we will effect the issue of 60,000,000 Shares and the Vendors are expected to effect the transfer of 118,000,000 Shares, and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager will subscribe for and/or purchase, or procure subscribers for and/or purchasers of, 163,715,000 Shares.

The Offering Shares are being offered at the Offering Price in both the Placement and the Public Offer.

Subscribers for and purchasers of Shares may be required to pay brokerage or other similar fees (and if so required, such brokerage will be up to 1% of the Offering Price), any stamp duties and other similar charges in accordance with the laws and practices of the country of subscription and/or purchase (as the case may be), in addition to the Offering Price.

Our Company and the Vendor have agreed to indemnify the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager against certain liabilities.

The Underwriting Agreement also provides that the obligations of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager to subscribe for and/or purchase, or to procure the subscription for and/or purchase of, the Shares in the Global Offering are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager at any time prior to the issuance and allotment of the Shares on the Listing Date, pursuant to the terms and subject to the conditions of the Underwriting Agreement upon the occurrence of certain events including, among other things, certain force majeure events.

OVER-ALLOTMENT OPTION

In connection with the Offering, the Vendor has granted the Stabilising Manager the Over-allotment Option exercisable by the Stabilising Manager in whole or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing

Date, or (ii) the date when the Stabilising Manager or its appointed agent has bought, on the SGX-ST, an aggregate of 17,159,000 Shares, representing not more than 20% of the total Offering Shares, to undertake stabilising actions to purchase up to an aggregate of 17,159,000 Additional Shares (representing not more than 20% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any, subject to any applicable laws and regulations.

PRICE STABILISATION

In connection with the Offering, the Stabilising Manager may over-allot Shares or effect transactions which may stabilise or maintain the market price of the Shares at levels above those that would otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager will undertake any such stabilisation action. Such transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager has bought on the SGX-ST an aggregate of 17,159,000 Shares, representing not more than 20% of the total Offering Shares, to undertake stabilising actions.

Neither our Company, the Vendor, nor the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, neither our Company, the Vendor, nor the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager makes any representation that the Stabilising Manager will engage in such transactions or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement through the SGX-ST on the cessation of the stabilising action and the amount of the Over-allotment Option that has been exercised not later than the start of the trading day of the SGX-ST immediately after the day of cessation of stabilising action. See “Risk Factors — Risks Relating to an Investment in the Shares — Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing a merger or acquisition, or restricting the Stabilising Manager’s ability to undertake stabilisation, which could adversely affect the market price of the Shares.”

SHARE LENDING

In connection with settlement and stabilisation, the Stabilising Manager, is expected to enter into a share lending agreement (the “Share Lending Agreement”) with the Vendor (the “Share Lender”) pursuant to which the Stabilising Manager may borrow up to 17,159,000 Shares allowing the Stabilising Manager, to settle over-allocations, if any, made in connection with the Offering. If the Stabilising Manager borrows Shares pursuant to the Share Lending Agreement, it is required to return equivalent securities or cash to the Share Lender by no later than 5 business days following the earlier of (i) the last date for exercising the Over-allotment Option and (ii) the date on which the Over-allotment Option is exercised. In addition, in order not to trigger the mandatory offer requirement under the Singapore Take-Over Code which may otherwise occur in connection with the lending and return of Shares pursuant to the Share Lending Agreement, the Share Lending Agreement includes a right for the Vendor to recall such number of Shares which are equivalent to the Shares (if any) lent under the Share Lending Agreement by giving 7 days’ prior written notice to the Stabilising Manager.

LOCK-UP ARRANGEMENTS

The Vendor

To demonstrate the Vendor's commitment to our Group, the Vendor has agreed with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager that, subject to certain exceptions, it will not without the prior written consent of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, from the date of the Underwriting Agreement until the date falling 6 months after Listing Date, directly or indirectly (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of its Shares (including any interests or securities convertible into or exchangeable for any Shares or which carry rights to subscribe for or purchase any Shares), (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Shares, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise, enter into any transaction or other arrangement having an economic effect similar, in whole or in part, to the foregoing (a) or (b), (c) deposit any of its Shares (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Shares) in any depository receipt facilities, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; or (d) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply to (a) the Vendor Shares, (b) any Additional Shares that are sold pursuant to the Over-allotment Option granted by the Vendor to the Stabilising Manager; and (c) the Shares which are lent by the Vendor to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to the Vendor pursuant to the Share Lending Agreement.

ARG

To demonstrate the ARG's commitment to our Group, ARG has agreed with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager that, subject to certain exceptions, it will not without the prior written consent of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, from the date of the Underwriting Agreement until the date falling 6 months after Listing Date, directly or indirectly, (a) offer, pledge, sell or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, its interests in the Shares and its shares in the Vendor (the "SRG Shares" and together, the "ARG Lock-Up Securities") (including any interests or securities convertible into or exchangeable for any such shares or which carry rights to subscribe for or purchase any such shares), (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of (or having interests in) the Shares or the SRG Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Shares or SRG Shares, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise, (c) enter into any transaction or other arrangement having an economic effect similar, in whole or in part, to the foregoing (a) or (b), (d) deposit any of ARG Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Shares or SRG Shares) in any depository receipt facilities, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply to (a) the Vendor Shares, (b) any Additional Shares that are sold pursuant to the Over-allotment Option granted by the Vendor to the Stabilising Manager; and (c) the Shares which are lent by the Vendor to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to the Vendor pursuant to the Share Lending Agreement.

Shareholders of ARG

BPEA

To demonstrate its commitment to our Group, BPEA, a shareholder of ARG, has agreed with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager that, subject to certain exceptions, it will not without the prior written consent of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, from the date of the Underwriting Agreement until the date falling 6 months after Listing Date, directly or indirectly, (a) offer, pledge, sell or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, its interests in the Shares and shares in ARG which it owns or has agreed to acquire (referred to in this paragraph as the “ARG Shares” and together with the Shares, the “BPEA Lock-Up Securities”) (including any interests or securities convertible into or exchangeable for any such shares or which carry rights to subscribe for or purchase any such shares), (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of (or having interests in) the Shares or the ARG Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Shares or ARG Shares, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise, (c) enter into any transaction or other arrangement having an economic effect similar, in whole or in part, to the foregoing (a) or (b), (d) deposit any of BPEA Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Shares or ARG Shares) in any depository receipt facilities, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply to (a) the Vendor Shares, (b) any Additional Shares that are sold pursuant to the Over-allotment Option granted by the Vendor to the Stabilising Manager; and (c) the Shares which are lent by the Vendor to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to the Vendor pursuant to the Share Lending Agreement.

Topaz

To demonstrate its commitment to our Group, Topaz, a shareholder of ARG, has agreed with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager that, subject to certain exceptions, it will not without the prior written consent of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, from the date of the Underwriting Agreement until the date falling 6 months after Listing Date, directly or indirectly, (a) offer, pledge, sell or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, its interests in the Shares and its shares in ARG (referred to in this paragraph as the “ARG Shares” and together with the Shares, the “Topaz Lock-Up Securities”) (including any interests or securities convertible into or exchangeable for any such shares or which carry rights to subscribe for or purchase any such shares), (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of (or having interests in) the Shares or the ARG Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Shares or ARG Shares, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise, (c) enter into any transaction or other arrangement having an economic effect similar, in whole or in part, to the foregoing (a) or (b), (d) deposit any of Topaz Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Shares or ARG Shares) in any depository receipt facilities, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply to (a) the Vendor Shares, (b) any Additional Shares that are sold pursuant to the Over-allotment Option granted by the Vendor to the Stabilising Manager; and (c) the Shares which are lent by the Vendor to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to the Vendor pursuant to the Share Lending Agreement.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.

Terence Donald O'Connor and Kee Kim Eng

Our Chief Executive Officer and Executive Director Terence Donald O'Connor and our Chief Financial Officer and Executive Director Kee Kim Eng have each agreed with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager that they will not without the prior written consent of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, from the date of the Underwriting Agreement until the date falling 6 months after Listing Date, directly or indirectly (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of their Management Shares (including any interests or securities convertible into or exchangeable for any Shares or which carry rights to subscribe for or purchase any Shares), (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Management Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Management Shares, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise, enter into any transaction or other arrangement having an economic effect similar, in whole or in part, to the foregoing (a) or (b), (c) deposit any of their Management Shares (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Shares) in any depository receipt facilities, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; or (d) offer to, or agree to, or publicly announce any intention to do any of the above.

The above lock-up restriction is only applicable to the respective Shares acquired by them pursuant to their Management Subscription Agreement.

Our Company

We have agreed with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager that, subject to certain exceptions, from the date of the Underwriting Agreement until the date falling 6 months after Listing Date, we will not, without the prior written consent of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, (i) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of the Company or any subsidiary of ours (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of the Company or any subsidiary of ours), whether such transaction is to be settled by delivery of Shares or other securities of the Company or any subsidiary of ours, or in cash or otherwise, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of the Company or any subsidiary of ours, or any interest in any of the foregoing (including any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Shares or any other securities of the Company or any subsidiary of ours), whether such transaction is to be settled by delivery of Shares or other securities of the Company or any subsidiary of ours, or in cash or otherwise; (iii) enter into any

transaction with the same economic effect as any transaction described in the foregoing (i) or (ii); (iv) deposit any Shares or any other securities of the Company or any subsidiary of ours (including any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase such Shares or any other securities of the Company or any subsidiary of ours) in any depository receipt facilities, or (v) offer or agree to or make any announcement with respect to any of the foregoing transactions. The foregoing restriction does not apply to any Shares issued under the Offering or pursuant to the Pre-IPO Share Appreciation Rights Plan and the Share-Based Incentive Plans.

SGX-ST LISTING

We have received a letter of eligibility from the SGX-ST for the listing of and quotation for the Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Enlarged Offering, our Group, our Company or the Shares. It is expected that the Shares will commence trading on the SGX-ST on a “ready” basis on or about 15 October 2012.

Prior to this Offering, there has been no trading market for the Shares. The Offering Price was agreed after a book-building process and agreed among us, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager. Among the factors considered in determining the Offering Price of our Shares were the prevailing market conditions, current market valuations of publicly traded companies that we, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager believe to be reasonably comparable to us, an assessment of our recent historical performance, estimates of our business potential and earnings prospects, the current state of our development and the current state of our industry and economy as a whole. We cannot assure you that an active trading market will develop for the Shares, or that the Shares will trade in the public market subsequent to this Offering at or above the Offering Price.

SUBSCRIPTION AND/OR PURCHASE FOR MORE THAN 5% OF THE OFFERING SHARES

To our knowledge, (i) no person intends to subscribe for and/or purchase more than 5% of the Offering Shares and (ii) save for JF Asset Management Limited, New Silk Road Investment Pte Ltd, Target Asset Management Pte Ltd, Value Partners Hong Kong Limited and Terence Donald O'Connor, no person intends to subscribe for and/or purchase more than 5% of the aggregate of the Enlarged Offering Shares.

INTERESTS OF THE SOLE GLOBAL COORDINATOR, BOOKRUNNER, UNDERWRITER AND ISSUE MANAGER

The Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and its associates may engage in transactions with, and perform services for our Group, our Company and the Vendor in the ordinary course of business and have engaged (including without limitation, in respect of the Senior Loan Facility, Asset Securitisation Programme 2012 and the HSBC Facility Agreement), and may in the future engage, in commercial banking and/or investment banking transactions with our Group, our Company and the Vendor, for which they have received, or may in the future receive, customary fees.

Save as disclosed in this Prospectus, and for the roles of The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and UOB Kay Hian Private Limited as the Public Offer Coordinator, our Group does not have any material relationship with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager or the Public Offer Coordinator.

DISTRIBUTION AND SELLING RESTRICTIONS

Australia

This document and the offer is only made available in Australia to persons to whom a disclosure document is not required to be given under either Chapter 6D or Chapter 7.9 of the Australian Corporations Act 2001 (Cth) ("Corporations Act"). This document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of Australian Law, and is not required to, and does not, contain all the information which would be required in a disclosure document under Australian law. It is made available to you on the basis that you are a professional investor or sophisticated investor for the purposes of Chapter 6D, or a wholesale client for the purposes of Chapter 7.9, of the Corporations Act.

This document has not been and will not be lodged or registered with the Australian Securities and Investments Commission or ASX Limited or any other regulatory body or agency in Australia. The persons referred to in this document may not hold Australian Financial Services licences. No cooling off regime will apply to an acquisition of any interest in the Company. This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this document, you should assess whether the acquisition of any interest in the Company is appropriate in light of your own financial circumstances or seek professional advice.

It will be a term of the issue of the Offering Shares that an investor may not transfer or offer to transfer their interest to any person located in, or a resident of Australia for a period of 12 months after the issue, unless the person is a person to whom a disclosure document is not required to be given under either Chapter 6D or Chapter 7.9 of the Corporations Act.

Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This document is intended for distribution only to persons of a type specified in those Rules. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Offering Shares to which this document relates may be illiquid and/or subject to restrictions on their re-sale. Prospective purchasers of the Offering Shares offered should conduct their own due diligence on the Offering Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offering Shares contemplated by this offering document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Offering Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has 2 or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

- (c) by the underwriter to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offering Shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, the expression an “offer to the public” in relation to any Offering Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offering Shares to be offered so as to enable an investor to decide to purchase any Offering Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Offering Shares other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offering Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made under that Ordinance.

India

No invitation, offer or sale to purchase or subscribe to the Offering Shares is made or intended to be made to the public in India through this Prospectus or any amendment or supplement thereto. Neither this Prospectus nor any amendment or supplement thereto is a prospectus, offer document or advertisement nor has it been or will be submitted or registered as a prospectus or offer document under any applicable law or regulation in India. Neither this Prospectus nor any amendment or supplement thereto has been reviewed, approved, or recommended by any Registrar of Companies in India, the Securities and Exchange Board of India, the Reserve Bank of India, any stock exchange in India or any other Indian regulatory authority.

Accordingly, no person may make any invitation, offer or sale of any Offering Shares, nor may this Prospectus nor any amendment or supplement thereto nor any other document, material, notice or circular in connection with the invitation, offer or sale for subscription or purchase of any Offering Shares (“Offer”) be circulated or distributed whether directly or indirectly to, or for the account or benefit of, any person resident in India, other than strictly on a private and confidential basis to fewer than 50 persons and so long as any such Offer is not calculated to result, directly or indirectly, in the Offering Shares becoming available for subscription or purchase by persons other than those receiving such offer or invitation. Notwithstanding the foregoing, in no event shall the Offer be made directly or indirectly, in any circumstances which would constitute an offer to the public in India within the meaning of any applicable law or regulation.

Any Offer to a person in India shall be made subject to compliance with all applicable Indian laws including, without limitation, the Foreign Exchange Management Act, 1999, as amended, and any guidelines, rules, regulations, circulars or notifications issued by the Reserve Bank of India, the Securities and Exchange Board of India and any other Indian regulatory authority.

Each investor in the Offering Shares acknowledges, represents and agrees that it is eligible to invest in the Company and the Offering Shares under applicable laws and regulations in India and that it is not prohibited or debarred under any law or regulation from acquiring, owning or selling the Offering Shares.

Indonesia

The Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager has represented and agreed that it has not offered and sold, and will not offer and sell, any Offering Shares in Indonesia or to Indonesian nationals, corporations or to Indonesian citizens, wherever they are domiciled or to Indonesian residents, including by way of invitation, offering or advertisement, and neither this Prospectus nor any other materials relating to the Offering Shares have been distributed, or will be distributed, in Indonesia or to Indonesian nationals, corporations or residents in a manner which constitutes a public offering of the Offering Shares under the laws or regulations of Indonesia.

United Arab Emirates

The Offering Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

Switzerland

The Offering Shares shall be offered in Switzerland by way of a private placement only to a limited and selected circle of investors without any public offering in Switzerland and only to investors who do not subscribe for the Offering Shares with the intention to distribute them to the public. The investors will be individually approached by us from time to time. This prospectus as well as any other material relating to the Offering Shares does not constitute an issue prospectus within the meaning of Articles 652a or 1156 of the Swiss Code of Obligations. It has not been filed with or approved by any Swiss regulatory authority or stock exchange. The Offering Shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the Offering Shares, including, but not limited to, this prospectus, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. This prospectus as well as any other material relating to the Offering Shares is personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those investors to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland.

United Kingdom

The Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager has represented, warranted and undertaken that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”) in connection with the issue or sale of any Offering Shares in circumstances in which section 21(1) of FSMA does not apply to the Company; and
- (ii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Offering Shares in, from or otherwise involving the United Kingdom.

United States

The Offering Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. The Offering Shares are being offered and sold outside of the United States in reliance on Regulation S (terms used in this paragraph that are defined in Regulation S are used herein as defined therein).

CLEARANCE AND SETTLEMENT

Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Shares on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Shares will comprise 1,000 Shares.

Upon listing and quotation on the SGX-ST, the Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the securities accounts maintained by such account holders with CDP.

Clearance and Settlement under the Depository System of CDP

Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by CDP, rather than CDP itself, will be treated as Shareholders in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in a securities account with the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with the Articles of Association. A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2 (or such other amount as the Directors may decide) will be payable to the Share Registrar for each share certificate issued, and stamp duty of S\$10 is also payable where the Shares are withdrawn in the name of the person withdrawing the Shares, or S\$0.20 per S\$100 or part thereof of the last transacted price where the Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of the CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$20 is payable upon the deposit of each instrument of transfer with the CDP. The above fee may be subject to such changes as may be in accordance with the CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the transfer of Shares that are settled on a book-entry basis.

The Shares credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. The Shares credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S\$10 transfer fee payable to CDP. All persons trading in

the Shares through the SGX-ST should ensure that the relevant Shares have been credited into their Securities Account, prior to trading in such Shares, since no assurance can be given that the Shares can be credited into the Securities Account in time for settlement following a dealing. If the Shares have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Clearing Fees

A clearing fee for trades in the Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600 per transaction. The clearing fee and instrument of transfer deposit fees may be subject to GST of 7%.

Dealings in the Shares will be carried out in Singapore Dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the Shares is generally settled on the following Market Day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON THE DIRECTORS AND EXECUTIVE OFFICERS OF OUR GROUP

1. None of the Directors or Executive Officers of our Group has:

- (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction 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;
- (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction 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;
- (c) any unsatisfied judgments against him;
- (d) 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;
- (e) 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 of) for such breach;
- (f) at any time during the last 10 years, judgment 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 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;
- (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) 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;
- (i) 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;
- (j) 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;
 - (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;
 - (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

- (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,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

- (k) been the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.
2. No person (including any Director or Executive Officer of our Group) has, or is entitled to be given, an option to subscribe for or purchase any Shares, or any shares in or debentures of the subsidiaries of our Group.

WORKING CAPITAL

3. Our Directors believe that, after taking into account the present banking facilities and cash flows from our Group's operations, that our Group will have sufficient working capital available for our present requirements.

CHANGES IN CAPITAL

4. Save as disclosed below and set out under the "Ownership of the Shares" section, there were no changes in the capital of our Company or the subsidiaries of our Group within the 3 years preceding the Latest Practicable Date.

Date of issue	Number of shares issued	Aggregate issue price	Purpose of issue	Resultant share capital
<i>Our Company</i>				
23 March 2010	79,999,999 120,000,000	S\$74,095,000 S\$147,034,000	Acquisition of CSL Acquisition of CMB	S\$221,129,001
<i>VLSB</i>				
28 February 2012	4,999,998	RM4,999,998	Working capital	RM5,000,000

SUBSIDIARIES AND ASSOCIATED COMPANIES OF OUR GROUP

5. Details of the subsidiaries of our Group are as follows:

Name of Company	Country of incorporation	Principal place of business	Principal activities	Effective ownership interest/voting power
CSL	Singapore	Singapore	Retail activities	100%
CMB	Malaysia	Malaysia	Retail activities	100%
VLSB	Malaysia	Malaysia	Special purpose vehicle	100%
Assettrust	Singapore	Singapore	Special purpose vehicle	100%

None of our subsidiaries are listed on any stock exchange.

Our Group does not have any associated companies.

MATERIAL CONTRACTS

6. The following contracts, not being contracts entered into in the ordinary course of business of our Group, have been entered into by our Company and our subsidiaries within the 2 years preceding the date of lodgment of this Prospectus and are or may be material:
- (a) the Trademark Transfer Agreements and the Deeds of Discharge;
 - (b) the Senior Loan Facility;
 - (c) the Asset Securitisation Programme 2012;
 - (d) sale and purchase agreement dated 15 November 2011 in connection to a sale of property in Johor Bahru, Johor, Malaysia, by CMB to Tanah Bumimas Sdn Bhd for a consideration of RM7,250,000;
 - (e) settlement agreement dated 29 April 2011 between CMB and DHL Supply Chain (Malaysia) Sdn Bhd (“DHL”) whereby CMB agreed to release and discharge DHL from a claim by CMB for unreconciled stock losses in relation to logistics services provided by DHL upon DHL paying CMB RM250,000 and DHL implementing an operational improvement programme in relation to the existing logistics services agreement;
 - (f) corporate services agreement between ARG and our Company dated 19 June 2012 in connection with the provision of certain corporate services by employees of our Company to the Vendor and ARG;
 - (g) the Cornerstone Subscription Agreements (and any supplemental letters) relating to the subscription and/or purchase of the Cornerstone Shares by the Cornerstone Investor described in “Ownership of the Shares — Information on Cornerstone Investor”;
 - (h) the subscription agreement (as supplemented by the supplemental letter) relating to the subscription and/or purchase of the Management Shares by Terence Donald O'Connor and Kee Kim Eng described in the “Ownership of the Shares — Information on Management Subscription Tranche”; and
 - (i) settlement agreement dated 21 December 2011 made by and between PT Matahari Putra Prima, Tbk, PT Courts Indonesia, Tbk (in liquidation), Courts (Malaysia) Sdn Bhd and Malaysia Retail Group Limited to settle all forms of disputes relating to Civil Case number 583/PDT.G/2010/PN.DPS at the District Court of Denpasar.

CONSENTS

7. PricewaterhouseCoopers LLP as the Auditor and Reporting Accountant has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of, (i) their name and all references thereto; (ii) the Auditor's Report on the Consolidated Financial Statements of Courts Asia Pte. Ltd. and its Subsidiaries for the year ended 31 March 2010; (iii) the Independent Auditor's Report to the Shareholder of Courts Asia Pte. Ltd. in relation to the consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2011; (iv) the Independent Auditor's Report to the Shareholder of Courts Asia Pte. Ltd. in relation to the consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2012; and (v) the Reporting Accountant's Report on Examination of the Unaudited Pro Forma Balance Sheet of Courts Asia Limited (formerly known as Courts Asia Pte. Ltd.) as at 31 March 2012 in relation to the unaudited pro forma balance sheet of the Company and its subsidiaries as at 31 March 2012, in the form and context in which they are included in this Prospectus, and to act in such capacity in relation to this Prospectus.

8. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, named as Sole Global Coordinator, Bookrunner, Underwriter, and Issue Manager has given, and have not withdrawn, its written consent to the issue of this Prospectus with the inclusion of, its name and all references thereto in the form and context in which it is included in this Prospectus, and to act in such capacity in relation to this Prospectus.
9. Euromonitor International Limited, named as Industry Consultant, has given, and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of, its name and all references thereto, and the information in the section entitled “Industry Overview” included in this Prospectus, in the form and context in which they are included in this Prospectus, and to act in such capacity in relation to this Prospectus.
10. Deloitte & Touche Financial Advisory Services Pte. Ltd., named as an Independent Valuer, has given, and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of, its name and all references thereto, and the information in the section entitled “Interested Person Transactions and Conflicts of Interest — Past, Present and Ongoing Interested Person Transactions — Past Interested Person Transactions — Trademark Transfer Agreements between our Company and each of ARG and the Vendor” included in this Prospectus, in the form and context in which it appears in this Prospectus, and to act in such capacity in relation to this Prospectus.
11. Each of the Legal Advisers to our Company as to Singapore law, Legal Advisers to the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager as to Singapore and United States Federal Securities law, the Share Registrar, the Public Offer Coordinator, the Principal Bankers and the Receiving Bank do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDOR

12. Our Directors and the Vendor collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, our Company and our subsidiaries, and our Directors and the Vendor are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from, published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

AUDITOR AND REPORTING ACCOUNTANT

13. Andrew John Chapman was the partner-in-charge for the audit of the Consolidated Financial Statements of Courts Asia Pte Ltd and its Subsidiaries in respect of the financial years ended 31 March 2010, 31 March 2011 and 31 March 2012. Rebekah Khan is the partner-in-charge for the Reporting Accountant’s Report on Examination of the Unaudited Pro Forma Balance Sheet of Courts Asia Limited (formerly known as Courts Asia Pte. Ltd.) as at 31 March 2012.

MISCELLANEOUS

14. The nature of the business of our Group is stated in this Prospectus.
15. Save as disclosed in this Prospectus, in particular, in “Risk Factors”, there is no known arrangement the operation of which may at a subsequent date result in a change of control in our Company or our Group.

16. Save as disclosed above and in the sections entitled “Risk Factors”, “Business — Strategy” and “Industry Overview”, and barring unforeseen circumstances, our Directors are not aware of other significant known recent trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of the future operating results or financial condition of our Group. See also “Cautionary Note Regarding Forward-Looking Statements”.
17. Save as disclosed under the “Risk Factors” section in this Prospectus, our Directors are not aware of any relevant material information, including trading factors or risks not mentioned elsewhere in this Prospectus, which is unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group and our subsidiaries.
18. No commission, discount or brokerage has been paid or other special terms granted within the 2 years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procure subscriptions for any Shares or other securities or debentures of our Company or any of the subsidiaries of our Group.
19. No expert is employed on a contingent basis by our Group or any of our subsidiaries, has a material interest, whether direct or indirect, in the Shares or any other securities of our Company and our subsidiaries, or has a material economic interest, whether direct or indirect, in our Group, including an interest in the success of the Offering.
20. Save as disclosed in this Prospectus, our Directors are not aware of any event which has occurred since 1 April 2012 to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group.
21. There has not been any public take-over by a third party in respect of our Shares, or by our Company in respect of the shares of another corporation which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date.

DOCUMENTS AVAILABLE FOR INSPECTION

22. Copies of the following documents may be inspected at the registered office of our Company at 50 Tampines North Drive 2, Singapore 528766 during normal business hours for a period of 6 months from the date of registration of this Prospectus:
 - (a) the Memorandum and Articles of Association;
 - (b) the Service Agreements referred to in this Prospectus;
 - (c) the material contracts referred to in paragraph 6 above;
 - (d) the letters of consent referred to in this Prospectus;
 - (e) the rules of the Share Appreciation Rights Plan and the Performance Share Plan;
 - (f) the Deloitte Independent Valuation Letter referred to under “Interested Person Transactions and Conflicts of Interest — Past, Present and Ongoing Interested Person Transactions — Past Interested Person Transactions — Trademark Transfer Agreements between our Company and each of ARG and the Vendor”;
 - (g) the Consolidated Financial Statements of our Group as set out in Appendix A, Appendix B and Appendix C of this Prospectus and the reporting auditor’s reports therein;
 - (h) the Unaudited Pro Forma Balance Sheet of our Group as set out in Appendix D of this Prospectus and the reporting auditor’s report therein; and
 - (i) the respective audited financial statements of our Company and our subsidiaries for the years ended 31 March 2010, 2011 and 2012.

DEFINED TERMS AND ABBREVIATIONS

“Additional Shares”	An aggregate of 17,159,000 Shares which are the subject of the Over-allotment Option.
“Application Forms”	The printed application forms to be used for the purpose of the Offering and which forms part of this Prospectus.
“Application List”	The list of applications for subscription and/or purchase of the Offering Shares.
“ARG”	Asia Retail Group Limited.
“Articles of Association”	Articles of association of our Company.
“Assettrust”	Assettrust Pte. Ltd.
“Asset Securitisation Programme” . .	The receivables-backed securitisation programme arranged by The Royal Bank of Scotland plc.
“Asset Securitisation Programme 2010”	The receivables-backed securitisation programme arranged by HSBC in relation to CSL.
“Asset Securitisation Programme 2012”	The receivables-backed securitisation programme arranged by The Hongkong and Shanghai Banking Corporation Limited in relation to CSL.
“associate”	Has the meaning ascribed to it in the Listing Manual.
“associated company”	Has the meaning ascribed to it in the Listing Manual.
“ATM”	Automated teller machine of a Participating Bank.
“ATM Application”	Applications for Offering Shares made through the ATMs of any of the Participating Banks in accordance with the terms and subject to the conditions in this Prospectus.
“Audit Committee”	The audit committee of our Company.
“Authority”	The Monetary Authority of Singapore.
“Award”	An award of Share Appreciation Rights granted under the Share Appreciation Rights Plan or a contingent award of Shares granted under the Performance Share Plan, as the case may be.
“Award Date”	In relation to an Award, the date on which the Award is granted.
“Board of Directors”	The board of directors of our Company.
“BPEA”	Baring Private Equity Asia III Holding (14) Ltd.
“Business Day”	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.
“CAGR”	Compound annual growth rate, being the annual average growth, expressed in percentage terms, for either the historic or forecast period.

“CAI”	Courts Asia Investments (Labuan) Ltd.
“CDP”	The Central Depository (Pte) Limited.
“Closing Date”	The closing date of the Offering.
“CMB”	Courts (Malaysia) Sdn Bhd
“CML”	Courts Megastore (Thailand) Ltd.
“Code of Corporate Governance”	Code of Corporate Governance 2012 issued in May 2012 by the Monetary Authority of Singapore (as from time to time amended, modified or supplemented).
“Companies Act”	The Companies Act (Chapter 50 of Singapore) (as amended and supplemented from time to time).
“Company”	Courts Asia Limited.
“Cornerstone Investors”	JF Asset Management Limited, New Silk Road Investment Pte Ltd, Target Asset Management Pte Ltd, and Value Partners Hong Kong Limited.
“Cornerstone Shares”	The Shares issued and/or purchased pursuant to the Cornerstone Subscription Agreements.
“Cornerstone Subscription Agreements”	The cornerstone subscription agreements each dated either 27 September 2012 or 28 September 2012, entered into between our Company and each of the Cornerstone Investors.
“Cornerstone Tranche”	The subscription for and/or the purchase of the Cornerstone Shares by the Cornerstone Investors, conditional upon the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.
“Consolidated Financial Statements of our Group”	The audited consolidated financial statements of our Group as at and for FY Mar 2010, FY Mar 2011 and FY Mar 2012.
“Consolidation”	The consolidation of every 2 Shares into 1 Share, as described in the section entitled “Share Capital” of this Prospectus.
“Controlling Shareholder”	In relation to our Company, means a person who: (a) holds directly or indirectly 15% or more of the nominal amount of all our Shares; or (b) in fact exercises control over our Company.
“Courts Flexi Schemes”	Courts Flexi Plan and Courts Flexi Credit, the in-house credit facilities offered to customers of our Group in Singapore and Malaysia respectively.
“CPF”	The Central Provident Fund.
“CPF Funds”	CPF Investible Savings.
“CSL”	Courts (Singapore) Pte. Ltd. (formerly known as “Courts (Singapore) Limited”).

“CWL”	Crimson Wave Limited.
“delinquency rate”	Gross trade receivables greater than 6 months in arrears as a percentage of gross trade receivables.
“Directors”	The directors of our Company as of the date of this Prospectus.
“Electronic Applications”	Applications for the Offering Shares made through ATMs or the IB websites of the relevant Participating Banks in accordance with the terms and subject to the conditions in this Prospectus.
“Enlarged Offering”	The Offering, Cornerstone Tranche and the Management Subscription Tranche.
“EPS”	Earnings per Share.
“Euromonitor International” or “Industry Consultant”	Euromonitor International Limited.
“Executive Directors”	The executive directors of our Company as of the date of this Prospectus.
“Executive Officers”	The executive officers of our Company as of the date of this Prospectus.
“FRS”	Singapore Financial Reporting Standards.
“FY Mar 2010”	Financial year ending 31 March 2010.
“FY Mar 2011”	Financial year ending 31 March 2011.
“FY Mar 2012”	Financial year ending 31 March 2012.
“FY Mar 2013”	Financial year ending 31 March 2013.
“FY Mar 2014”	Financial year ending 31 March 2014.
“GBP”	British pound sterling, the lawful currency of the United Kingdom.
“GDP”	Gross domestic product.
“GIRO”	General Interbank Recurring Order.
“Global Offering”	The Offering and the Cornerstone Tranche.
“gross trade receivables”	Trade receivables including unearned service charges before deducting allowance for impairment of receivables.
“Group”	Our Company and our subsidiaries as at the date of this Prospectus.
“GST”	Singapore goods and services tax.
“Home Club”	The Courts Home Club loyalty programme of our Group.
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
“HSBC Facility Agreement”	The facility agreement dated 27 September 2012 entered into between CSL and HSBC for the aggregate amount of S\$15.0 million or an amount equal to 50% of CSL’s inventory value in respect of such date.

“IB”	Internet banking.
“Independent Directors”.	The independent Directors of our Company as at the date of this Prospectus.
“Independent Valuer”.	Deloitte & Touche Financial Advisory Services Pte. Ltd.
“interested person transaction”.	Has the meaning ascribed to it in the Listing Manual.
“interested persons”	Has the meaning ascribed to it in the Listing Manual, and in relation to our Company, are our Directors, chief executive officer or Controlling Shareholders of our Company or the associates of such Directors, chief executive officer or Controlling Shareholders.
“IT”	Information technology.
“KLIBOR”.	Kuala Lumpur Interbank Offered Rate.
“KLSE”.	Kuala Lumpur Stock Exchange (now known as the Bursa Malaysia).
“Latest Practicable Date”.	21 September 2012, being the latest practicable date prior to the lodgment of this Prospectus with the Authority.
“Listing”	The admission of the Shares to the Official List of the SGX-ST.
“Listing Date”	The date of admission of the Shares to the Official List of the SGX-ST.
“Listing Manual”	The listing manual of the SGX-ST.
“Management Shares”	The Shares issued pursuant to the Management Subscription Tranche.
“Management Subscription Tranche”	The subscription for and/or purchase of the Management Shares by Terence Donald O’Connor and Kee Kim Eng, conditional upon the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.
“Market Day”	A day on which the SGX-ST is open for trading in securities.
“Memorandum”.	Memorandum of association of our Company.
“Merchandise cost of sales”.	Merchandise cost of sales represents the cost of purchases of inventories add/subtract changes in inventories.
“MBL”	M Brown Limited.
“MKL”	Memphis King Limited.
“MRG”	Malaysia Retail Group Limited.
“New Shares”.	60,000,000 new Shares to be issued by our Company and offered in the Enlarged Offering.
“Nominating Committee”	The nominating committee of our Company.

“Non-Executive Directors”	The non-executive directors of our Company as of the date of this Prospectus.
“OCBC Bank”	Oversea-Chinese Banking Corporation Limited.
“OCBC Bridging Loan Facility”	The bridging loan facility of up to RM20.0 million extended by OCBC Bank (Malaysia) Berhad, as lender, to CMB, as borrower, dated 24 December 2009.
“Offering”	The Placement and the Public Offer.
“Offering Price”	The offering price of each Share, being S\$0.77 per Offering Share.
“Offering Shares”	85,795,000 Shares offered by our Company and/or the Vendor in the Offering.
“ordinary resolution”	A resolution proposed and passed as such by a majority consisting of more than 50.0% of the total number of votes cast for and against such resolution at a meeting of the Shareholders duly convened and held.
“Over-allotment Option”	The option granted by the Vendor to the Stabilising Manager to purchase up to an aggregate of 17,159,000 Shares (representing not more than 20% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any, exercisable in whole or in part by, on one or more occasions, from the Listing Date until the earliest of (i) the date falling 30 days from the Listing Date, (ii) the date when the Stabilising Manager has bought, on the SGX-ST, an aggregate of 17,159,000 Shares, representing not more than 20% of the total Offering Shares, to undertake stabilising actions, and (iii) the date falling 30 days after the date of adequate public disclosure of the Offering Price.
“Participant”	A person who has been granted an Award under the Share Appreciation Rights Plan or the Performance Share Plan, as the case may be.
“Participating Banks”	OCBC Bank, DBS Bank Ltd (including POSB) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (each a “Participating Bank”).
“per cent.” or “%”	Per centum or percentage.
“Performance Share Plan”	The performance share plan of our Company known as the ‘Courts Performance Share Plan’ which was approved on 16 December 2011.
“Placement”	The international placement of Offering Shares to investors, including institutional and other investors in Singapore.
“Plan Shares”	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards under the Share-Based Incentive Plans.
“Previous CMB Subsidiaries”	PTCI and CAI.
“Previous CSL Subsidiaries”	MKL, MBL and CWL.

“Pre-IPO Plan Share”	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards under the Pre-IPO SARP.
“Pre-IPO SARP”	The pre-IPO share appreciation rights plan of our Company which was approved on 16 December 2011.
“PTCI”	PT Courts Indonesia Tbk.
“Public Offer”	An offering of Offering Shares to the public in Singapore.
“Public Offer Coordinator”	UOB Kay Hian Private Limited.
“Record Date”	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.
“Regulation S”	Regulation S under the U.S. Securities Act, as amended from time to time.
“Related Corporation”	In relation to a corporation, where a corporation: (a) is the holding company of another corporation; (b) is a subsidiary of another corporation; or (c) is a subsidiary of the holding company of another corporation, that the first mentioned corporation and that other corporation shall be related to each other In relation to an entity (not being a corporation), means a corporation which is: (a) a subsidiary of the entity; (b) the holding company of the entity; or (c) a subsidiary of the holding company or holding entity of the entity.
“Remuneration Committee”	The remuneration committee of our Company.
“Restructuring Exercise”	The restructuring exercise undertaken by our Group as described in the section entitled “Group Structure” of this Prospectus.
“RM” or “MYR”	Malaysia Ringgit, the lawful currency of Malaysia.
“S\$” or “Singapore Dollars” or “SGD”	Singapore Dollars, the lawful currency of the Republic of Singapore.
“SCCS”	Securities Clearing & Computer Services (Pte) Ltd.
“Securities Account”	Securities account maintained by a Depositor with CDP.
“Securities and Futures Act” or “SFA”	The Securities and Futures Act (Chapter 289 of Singapore), as amended, modified or supplemented from time to time.

“Senior Loan Facility”	The facility agreement of up to RM350.0 million extended to VLSB by HSBC Bank Malaysia Berhad and OCBC Bank (Malaysia) Berhad as mandated lead arrangers, HWANGDBS Investment Bank Berhad as the lead arranger and HSBC Bank Malaysia Berhad as the coordinating arranger, facility agent and security agent dated 23 February 2012.
“SGX-ST”.	Singapore Exchange Securities Trading Limited.
“Share”	An ordinary share in the capital of our Company.
“Share Appreciation Right”.	A right to acquire Shares in accordance with the Share Appreciation Rights Plan.
“Share Appreciation Rights Plan” . . .	The share appreciation rights plan of our Company known as the ‘Courts Share Appreciation Rights Plan’ which was approved on 16 December 2011.
“Share-Based Incentive Plans”.	The Share Appreciation Rights Plan and the Performance Share Plan.
“Share Lender”.	The Vendor.
“Share Lending Agreement”.	The share lending agreement dated 8 October 2012 entered into between the Stabilising Manager and the Share Lender.
“Share Registrar”	The share registrar of our Company.
“Shareholder”.	A holder of Shares in our Company.
“Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager”	HSBC.
“special resolution”	A resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution at a meeting of the Shareholders duly convened and held.
“sq. ft.”	Square feet.
“sq. m.”	Square metres.
“SRG”	Singapore Retail Group Limited.
“Stabilising Manager”	HSBC.
“Substantial Shareholder”	Any Shareholder with an interest of not less than 5% of all the Shares in issue.
“Sub-division”	The sub-division of each Share in the capital of our Company into 5 Shares, as described in the section entitled “Share Capital” of this Prospectus.
“Syndicated Credit Facilities”	The syndicated credit facilities of up to RM150.0 million (inclusive of a term loan facility of up to RM30.0 million and revolving credit facilities of up to RM120.0 million) which were extended by OCBC Bank (Malaysia) Berhad and OSK Investment Bank Berhad, as the lenders, to CMB, as the borrower, dated 3 March 2010.

“Take-over Code” or “Singapore Take-over Code”	The Singapore Code on Take-Overs and Mergers issued by the Authority.
“Topaz”	Topaz Investment Worldwide Incorporated.
“Underwriting Agreement”	The underwriting agreement dated 8 October 2012 entered into between our Company, the Vendor and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager.
“United States” or “USA”	The United States of America.
“US\$” or “US Dollar”	US Dollars, the lawful currency of the USA.
“U.S. Securities Act”	United States Securities Act of 1933, as amended.
“Vendor”	SRG.
“Vendor Shares”	118,000,000 Shares offered by the Vendor for purchase in the Enlarged Offering.
“VLSB”	Vista Lavender Sdn Bhd.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations commonly found in the industry in which our Group operates. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms:

<i>“audio”</i>	A product category generally including home theatre systems, amplifiers, speakers and portable audio equipment.
<i>“CRT”</i>	Cathode ray tube.
<i>“DSLR”</i>	Digital single-lens reflex.
<i>“DVD”</i>	Digital versatile disc.
<i>“HDTV”</i>	High definition TV.
<i>“LCD”</i>	Liquid crystal display.
<i>“LED”</i>	In relation to TVs, means TVs equipped with light emitting diode back lit display panels.
<i>“major white”</i>	A product category generally including large household electrical appliances, such as refrigerators, freezers, air conditioners, washing machines and dryers.
<i>“Plasma”</i>	In relation to TVs, means TVs equipped with plasma display panels.
<i>“TV”</i>	Television.
<i>“vision”</i>	A product category generally including televisions, projectors and other vision-related products.

**APPENDIX A — AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
OF COURTS ASIA PTE. LTD. AND ITS SUBSIDIARIES AND THE CONSOLIDATED
FINANCIAL STATEMENTS OF COURTS ASIA PTE. LTD. AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010**

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

(Incorporated in Singapore. Registration Number: 201001347K)

CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

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**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2010

The directors present their report to the shareholder together with the audited financial statements of the Group for the financial year ended 31 March 2010 and the balance sheet of the Company as at 31 March 2010.

Directors

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

Jack Hennessy	(appointed on 12 March 2010)
Terence Donald O'Connor	(appointed on 18 January 2010)
Roman Dharmender Hingorani	(appointed on 12 March 2010)
Kee Kim Eng	(appointed on 12 March 2010)

Pua Sek Guan and Chey Chor Wai were appointed directors of the Company on 12 March 2010, and subsequently resigned on 9 November 2010.

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, share options 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 share or debentures of the Company or its related corporations.

Directors' contractual benefits

No director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and this report, and except that Mr Jack Hennessy has an employment relationship with the ultimate holding corporation, and has received remuneration in that capacity.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2010

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its related corporations.

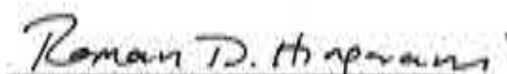
No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its related corporations.

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors


ROMAN DHARMENDER HINGORANI
Director


TERENCE DONALD O'CONNOR
Director

31 JAN 2011

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

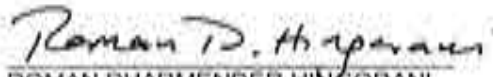
STATEMENT BY DIRECTORS

For the financial year ended 31 March 2010

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 5 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2010 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors


ROMAN DHARMENDER HINGORANI
Director


TERENCE DONALD O'CONNOR
Director

31 JAN 2011

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF COURTS ASIA PTE. LTD. AND ITS SUBSIDIARIES

We have audited the accompanying financial statements of Courts Asia Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 5 to 70, which comprise the balance sheets of the Company and the Group as at 31 March 2010, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year ended 31 March 2010, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control 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 profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

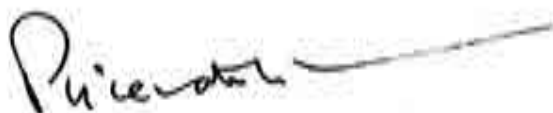
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

Opinion

In our opinion,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 31 JAN 2011

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 March 2010

	Notes	2010 \$'000	2009 \$'000
Sales	5	579,855	514,904
Cost of sales		(398,773)	(359,736)
Gross profit		181,082	155,258
Other income	6	4,016	6,031
Expenses			
- Distribution and marketing		(49,584)	(51,697)
- Administrative		(110,416)	(116,438)
- Finance	8	(7,055)	(5,360)
		(167,055)	(173,495)
Profit/(loss) before income tax		18,043	(12,206)
Income tax credit	9	100	215
Profit/(loss) from continuing operations		18,143	(11,991)
Discontinued operations			
Loss from discontinued operations	10	(2,941)	(17,167)
Total profit/(loss)		15,202	(29,158)
Profit/(loss) attributable to:			
Equity holder of the Company		15,202	(29,408)
Minority interests		-	250
		15,202	(29,158)
Earnings/(losses) per share for results from continuing operations attributable to the equity holder of the Company (cents per share)			
- Basic and diluted	11	9.07	(6.28)
Losses per share for results from discontinuing operations attributable to the equity holder of the Company (cents per share)			
- Basic and diluted	11	(1.47)	(8.70)

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2010

	Note	2010 \$'000	2009 \$'000
Total profit/(loss)		15,202	(29,158)
Other comprehensive income/(expense):			
Currency translation differences arising from consolidation	27	4,306	(3,414)
Revaluation of building	27	-	(5,042)
Transfer of currency translation reserve upon disposal of a subsidiary	27	2,808	-
Other comprehensive income/(expense), net of tax		7,114	(8,456)
Total comprehensive income/(expense), net of tax		22,316	(37,614)
Total comprehensive income/(expense) attributable to:			
Equity holder of the Company		22,316	(37,611)
Minority interests		-	(3)
		22,316	(37,614)

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

BALANCE SHEETS
As at 31 March 2010

	Note	The Group		The Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	52,565	50,451	-	-
Trade and other receivables	13	138,363	142,435	-	-
Inventories	14	57,607	58,792	-	-
Other current assets	15	22,292	16,378	-	-
Current income tax recoverable	9	-	343	-	-
		<u>270,827</u>	<u>268,399</u>	<u>-</u>	<u>-</u>
Disposal groups classified as held for sale	10	-	10,383	-	-
		<u>270,827</u>	<u>278,782</u>	<u>-</u>	<u>-</u>
Non-current assets					
Derivative financial instruments	16	1,200	-	-	-
Trade and other receivables	13	164,789	142,510	-	-
Investment in subsidiaries	17	-	-	221,129	-
Property, plant and equipment	18	15,335	22,213	-	-
Prepaid land lease payments	19	890	867	-	-
Intangible assets	20	21,554	21,616	-	-
Deferred income tax assets	21	866	1,138	-	-
		<u>204,634</u>	<u>188,344</u>	<u>221,129</u>	<u>-</u>
Total assets		<u>475,461</u>	<u>467,126</u>	<u>221,129</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Trade and other payables	22	111,139	71,939	-	-
Current income tax liabilities	9	92	416	-	-
Borrowings	23	43,872	108,971	-	-
Deferred income		3,826	3,952	-	-
		<u>158,928</u>	<u>185,278</u>	<u>-</u>	<u>-</u>
Liabilities associated with disposal groups classified as held for sale	10	-	5,265	-	-
		<u>158,928</u>	<u>190,543</u>	<u>-</u>	<u>-</u>
Non-current liabilities					
Other non-current payables	25	94	226	-	-
Borrowings	23	63,629	26,179	-	-
Deferred income		1,405	1,063	-	-
Deferred income tax liabilities	21	3,828	5,186	-	-
		<u>68,956</u>	<u>33,254</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>227,884</u>	<u>223,707</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>247,577</u>	<u>243,329</u>	<u>221,129</u>	<u>-</u>
EQUITY					
Share capital	26	221,129	221,129	221,129	-
Revaluation and other reserves	27	24,286	35,240	-	-
Retained earnings		2,162	(13,040)	-	-
Total equity		<u>247,577</u>	<u>243,329</u>	<u>221,129</u>	<u>-</u>

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2010

	Note	Share capital \$'000	Revaluation and other Reserves \$'000	Retained earnings \$'000	Total \$'000	Minority interest \$'000	Total Equity \$'000
Balance at 1 April 2009		221,129	35,240	(13,040)	243,329	-	243,329
Total comprehensive income for the year		-	7,114	15,202	22,316	-	22,316
Dividend relating to 2010	28	-	(11,127)	-	(11,127)	-	(11,127)
Distributions	27	-	(6,941)	-	(6,941)	-	(6,941)
Balance at 31 March 2010		221,129	24,286	2,162	247,577	-	247,577
Balance at 1 April 2008		205,977	72,733	16,368	295,078	23,114	318,192
Total comprehensive income/(loss) for the year		-	(8,453)	(29,408)	(37,861)	247	(37,614)
Acquisition of minority interests		15,152	8,209	-	23,361	(23,361)	-
Dividend relating to 2009	28	-	(25,000)	-	(25,000)	-	(25,000)
Distributions	27	-	(12,249)	-	(12,249)	-	(12,249)
Balance at 31 March 2009		221,129	35,240	(13,040)	243,329	-	243,329

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Total profit/(loss)		15,202	(29,158)
Adjustments for:			
- Tax		(100)	2,396
- Depreciation and amortisation		8,630	10,891
- Revaluation loss		-	(120)
- Amortisation of deferred income		(2,448)	(2,277)
- Interest expense		6,838	7,633
- Interest income		(2,747)	(3,488)
- Impairment on goodwill		-	3,235
- Impairment loss on property, plant and equipment		-	-
- (Gain)/loss on disposal of property, plant and equipment net of deferred income		(109)	246
- Transfer of currency translation reserve upon disposal of subsidiary		2,808	-
- Loss on disposal of a subsidiary		228	-
- Loss on disposal of disposal groups classified as held for sale		356	-
- Loss recognised on remeasurement of assets of disposal group		-	9,168
- Loss on revaluation of land and building		-	7,610
- Excess of acquirer's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost		-	-
- Foreign currency translation differences		4,028	(2,922)
Operating cash flow before working capital changes		32,887	4,114
Changes in working capital, net effect of disposal of a subsidiary			
- Inventories		1,185	2,063
- Trade and other receivables		(20,193)	34,267
- Trade and other payables		40,101	6,954
- Other current assets		(1,783)	-
Cash generated from operations		51,997	47,398
Tax (paid)/refunded (net)		(948)	1,275
Net cash provided by operating activities		51,049	48,673
Cash flows from investing activities			
Additions to property, plant and equipment		(2,043)	(7,490)
Additions of intangible assets		(468)	(769)
Increase in contributions from suppliers		2,085	4,307
Disposal of a subsidiary, net of cash disposed of		(540)	-
Proceeds from sale of property, plant and equipment		1,142	26,667
Proceeds from sale of disposal groups classified as held for sale		5,322	-
Interest received		2,747	3,488
Net cash provided by investing activities		8,245	26,203
Cash flows from financing activities			
Repayment of other borrowings		(10,403)	(39,773)
Proceed from other borrowings		25,718	-
Repayment of commercial paper		(33,347)	(6,946)
Repayment of loan received on asset securitisation		(27,771)	(10,700)
Proceed from bridging loan		18,154	-
Decrease in fixed deposits pledged as securities for banking facilities		14,979	2,930
(Increase)/decrease in deposits for asset securitisation		(4,146)	1,922
Purchase of derivatives financial instruments		(1,200)	-
Interest expense		(6,838)	(7,633)
Distributions		(6,941)	(12,249)
Dividends paid		(11,127)	(26,000)
Net cash used in financing activities		(42,922)	(97,448)
Net increase/(decrease) in cash and cash equivalents		16,372	(22,572)
Cash and cash equivalents at beginning of year		21,979	44,753
Effects of currency translations on cash and cash equivalents		101	(202)
Cash and cash equivalents at end of year	12	38,452	21,979

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

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

1. General information

The Company was incorporated in Singapore under the Companies Act as a private company limited by shares on 18 January 2010. The address of its registered office is 50 Tampines North Drive 2, Singapore 528766.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 37 to the financial statements.

2. Group restructuring

Asia Retail Group Limited ("ARG"), via its wholly-owned subsidiaries, acquired Courts (Singapore) Pte Ltd ("CSL"), Courts (Malaysia) Sdn Bhd ("CMB") (formerly known as "Courts Mammoth Sdn Bhd") and their respective subsidiaries, comprising Memphis King Limited, M Brown Limited, Crimson Wave Limited, Megastore (Thailand) Limited, Courts Asia Investments (Labuan) Ltd and PT Courts Indonesia Tbk (together referred to as Courts Group), on 7 June 2007.

In preparation for the Listing of the Company on the SGX-ST, Courts Group underwent the following restructuring exercise (the "Restructuring"):

- (i) On 23 March 2010, CSL entered into a sale and purchase agreement with ARG to dispose of its entire interest in Memphis King Limited, M Brown Limited, Crimson Wave Limited, and Courts Megastore (Thailand) Limited (the "previous CSL subsidiaries") for nominal consideration of US\$1. Under the terms and conditions of this agreement, ARG shall procure the commencement of the liquidation process of the previous CSL subsidiaries and CSL shall reimburse all reasonable additional costs and expenses incurred by ARG in respect of the dissolution and liquidation process within the period of 36 months from the date of the agreement up to an amount of Baht 10.2 million (equivalent S\$441,000) and warranty claims of up to Baht 4 million (equivalent S\$173,000).

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

2. Group restructuring (continued)

- (ii) On 23 March 2010, CMB entered into sale and purchase agreements with its immediate holding company, Malaysia Retail Group Limited ("MRG"), to dispose of its entire interest in Courts Asia Investments (Labuan) Ltd and PT Courts Indonesia Tbk (the "previous CMB subsidiaries"), each for nominal consideration of US\$1. Under the terms and conditions of the respective agreements, MRG shall procure the commencement of the liquidation process of each of the previous CMB subsidiaries and CMB shall reimburse all reasonable additional costs and expenses incurred by MRG in respect of the dissolution and liquidation process within the period of 36 months from the dates of these agreements up to an amount of US\$2,000,000 (equivalent S\$2,801,000) and total warranty claims of up to US\$175,000 (equivalent S\$245,000). Of the dissolution and liquidation costs of US\$2,000,000 (equivalent S\$2,801,000), an amount of US\$1,250,000 (equivalent S\$1,750,000) has been provided in the consolidated income statement for the year ended 31 March 2009 and an additional amount of US\$350,000 (equivalent S\$490,000) has been provided in the consolidated income statement for the year ended 31 March 2010.
- (iii) On 23 March 2010, the Company acquired the entire share capital of CSL and CMB for a consideration of \$221,129,000. The consideration was satisfied by the allotment and issuance of 199,999,999 ordinary share capital of the Company.
- (iv) As part of the accounting for business combination, all the trademarks licensed for use by CSL and CMB as well as certain other trademarks held by ARG are deemed to be in an integral part of the business of the Company and therefore are recognised from the date when ARG acquired Courts Groups. Based on the valuation obtained from an independent valuer at that time, the valuation of the mentioned trademarks was S\$20,065,000 (US\$13 million). Subsequently on 30 December 2010, ARG and the Company entered into a trademark transfer agreement for those mentioned trademarks. The Company agreed to pay a consideration of S\$25,004,000 (US\$19 million) based on an independent valuation report as at 30 September 2010. The consideration of S\$25,004,000 (US\$19 million) would be accounted for as a distribution to the shareholder from equity for the year ending 31 March 2011.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

2. Group restructuring (continued)

The Restructuring was completed on 23 March 2010 resulting in the Company holding the following subsidiaries:

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>
Courts (Singapore) Pte Ltd	Singapore	Retailing household furniture, furnishings, home appliances and information technology products	100%
Courts (Malaysia) Sdn Bhd (formerly known as Courts Mammoth Sdn Bhd)	Malaysia	Retailing household furniture, furnishings, home appliances and information technology products	100%

The Restructuring is a business combination of entities under common control since the Company and the Courts Group are controlled by ARG. Accordingly, the Restructuring has been accounted for using merger accounting in accordance with Recommended Accounting Practice 12 *Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 ("RAP 12")*

The effects of merger accounting under RAP 12 are that:

- (i) The Restructuring is accounted for in the consolidated financial statements as if it had been effected since 7 June 2007, the date when Courts Group came under the control of ARG. Accordingly, the consolidated income statements include the results of Courts Group for the financial years ended 31 March 2009 and 2010.
- (ii) The assets and liabilities of the combining entities include fair value adjustments and negative goodwill arising from the acquisition of Courts Group by ARG on 7 June 2007. The shares issued by the Company to effect the Restructuring are recorded at a value equal to the deemed cost of acquiring the Courts Group, being the existing book values of the net assets of Courts Group referred to above, minus the negative goodwill recognised by ARG at the time of its acquisition of Courts Group.
- (iii) The difference between the share capital issued for the Restructuring and the carrying amount of the net assets of Courts Group is adjusted against the equity. The accumulated profits of the Courts Group as at 7 June 2007 are recorded with corresponding debit to capital reserve account.
- (iv) All significant intra-group transactions and balances have been eliminated on combination.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies

3.1 Basis of preparation

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

The financial statements are prepared on a going concern basis. The directors believe that it is not probable that the bank of the ultimate holding corporation, Asia Retail Group Limited ("ARG"), would call on the subsidiary's guarantee in respect of the outstanding amount owing by ARG to the bank (Note 30).

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of 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 4.

Changes to the Group's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group, and have been adopted with effect from 1 April 2009:

- FRS 1 (revised), *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the latter alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.
- Amendment to FRS 107 *Improving Disclosures about Financial Statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see note 32). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.2 Group accounting

(a) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Other than the business combination undertaken through the Restructuring as described in Note 2, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group other than common control entities. The cost of an acquisition is measured as 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. They are de-consolidated from the date on which 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 asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minorities in a subsidiary exceed the minorities' interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minorities' interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.2 Group accounting (continued)

(b) Transactions with minority interest

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for by adjusting the carrying amount of minority interests to reflect changes in the Group's interest in the minority interests. The difference in the carrying amount and the fair value of the consideration paid or received, is brought to equity.

3.3 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue on instalment sales and cash sales is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) Rendering of services

Service charges on instalment sales are recognised over the instalment period on a constant periodic rate of return. The difference between the gross receivables and the present value of the receivables is recognised as unearned service charges.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.4 Employee compensation

(a) *Pension benefits*

The Group operates both defined benefit and defined contribution post-employment benefit plans.

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

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses are recognised directly in the income statement in the period when they arise.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) *Employee leave entitlement*

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 balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.4 Employee compensation (continued)

(c) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

3.5 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method.

3.6 Leases

(a) *When the Group is the lessee:*

The Group leases retail sites, offices and warehouses under operating leases from non-related parties.

Lessee - Operating leases

Leases of property, plant and equipment 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 the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when incurred.

In the case of a lease of land, the up-front payments made represent prepaid land lease payments and are amortised over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.6 Leases (continued)

(b) When the Group is the lessor:

The Group sub-leases retail sites and outlets under operating leases to non-related parties.

Lessor - Operating leases

Leases of sub-lease properties to non-related parties are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the income statement on a straight-line basis over the lease term.

Contingent rents are recognised as income in the income statement when earned.

3.7 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 balance sheet 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 goodwill or 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 asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.7 Income taxes (continued)

Deferred income tax is measured:

- (i) 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 balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expenses in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings are charged or credited directly to equity in the same period the temporary differences arise.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.9 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.10 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost.

Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently stated at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Fair values of land and buildings are determined by independent professional valuers on a periodic basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amount arising from revaluation including translation differences are recognised in an asset revaluation reserve, unless they offset previous decreases in the carrying amount of the same asset, in which case, they are credited to the income statement. Decreases in carrying amounts that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases in carrying amounts are charged to the income statement.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of cost

The cost of an item 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.10 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight line or reducing balance method to allocate the depreciable amounts over their estimated useful lives. The basis of depreciation and estimated useful lives are as follows:

	<u>Basis of depreciation</u>	<u>Useful lives</u>
Buildings	Straight-line	45 years
Furniture, fixtures, fittings and equipment	Straight-line	3 - 10 years
Motor vehicles	Reducing balance	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement 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 can be measured reliably. All other repair and maintenance expenses are recognised in the income statement when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

3.11 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investment in subsidiaries, the difference between disposed proceeds and the carrying amounts of the investments are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.12 Intangible assets

(a) Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and is not recognised in the income statement on disposal.

(b) Acquired computer software licenses

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of five years.

The amortisation period and amortisation method of acquired computer software licenses are reviewed at least at each balance sheet date. The effects of any revision are recognised in the profit and loss when the changes arise.

(c) Acquired trademark

Trademarks acquired in a business combination are initially recognised separately at fair value. The Courts trademarks in Singapore and Malaysia are regarded as having indefinite useful lives, as management is expecting to continue the related business indefinitely and those trademarks are leaders in their markets. Such trademarks are not amortised and are tested for impairment annually (Note 3.13).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.13 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Intangible assets with indefinite useful life are tested for impairment annually.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.13 Impairment of non-financial assets (continued)

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, 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 3.10(a) "Property, plant and equipment" for the treatment of revaluation decrease.

An impairment loss for an asset is reversed if, and 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 an 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 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 the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the profit or loss.

3.14 Bank balances
Trade and other receivables

Bank balances and trade and other receivables are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

Since the Group has a diversified customer base with a large number of individuals, for purpose of collective evaluation of impairments, receivables are grouped on similar credit characteristics.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.14 Bank balances

Trade and other receivables (continued)

Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

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.

Trade and other receivables are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

3.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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 the income statement over the period of the borrowings using the effective interest method.

3.16 Fair value estimation of financial assets and liabilities

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

3.17 Provisions

Provisions for restructuring 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 can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.17 Provisions (continued)

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

3.18 Deferred income

Suppliers' contributions for the purchase of property, plant and equipment are recorded initially as deferred income. Deferred income is then recognised in the income statement over the periods necessary to match the depreciation of the property, plant and equipment purchased with suppliers' contributions. Upon disposal of these assets, any outstanding amount in deferred income will be recognised in the income statement.

3.19 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 (the "functional currency"). The financial statements are presented in Singapore Dollar, 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 prevailing at the dates of the transactions. Currency translation differences 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 balance sheet date are recognised in the income statement except for currency translation differences on the net investment in foreign operations, which are included in the currency translation reserve in the consolidated financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.19 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 date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rate (unless this 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 currency translation reserve.

3.20 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.

3.21 Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, 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 balance sheet.

3.22 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.

3.23 Dividends to Company shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

3. Significant accounting policies (continued)

3.24 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 (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised in the income statement. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the income statement.

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.

3.25 Derivative financial instruments

The Group's borrowings expose it to the financial risks of changes in interest rates.

The Group uses derivative financial instruments (interest rate swaps and interest rate caps) to economically hedge its risks associated with interest rate fluctuations relating to certain firm commitments. The Group does not adopt hedge accounting in respect of the derivative financial instruments it has entered into.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently remeasured at its fair value. Any changes in the fair value are recognised immediately in the income statement.

3.26 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are offset against the related expenses.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

Management reviews its trade receivables for objective evidence of impairment at least quarterly. An allowance for impairment is established when there is objective evidence that the trade receivables have been impaired.

Since the Group has a diversified customer base with a large number of individuals, for purpose of collective evaluation of impairments, receivables are grouped on similar credit characteristics.

Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(b) Impairment of trademarks

Determining whether trademarks are impaired requires either a professional valuation of the trademarks or an estimate of the value-in-use of the CGUs to which the trademarks have been allocated. Professional valuations and value-in-use calculations require an estimate of future cash flows and a suitable discount rate in order to calculate present value. As the exercise is based on both prospective financial and prospective non-financial information, it requires judgement and is subjective in nature. Accordingly, actual outcome is likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations may be material. A change in any of the key variables underlying the cash flow forecast could have a significant impact on the professional valuation and/or the value-in-use calculation. The recoverable amount of the trademarks was determined based on a professional valuation and did not result in the recognition of an impairment loss at 31 March 2009 and 2010.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

5. Revenue and other income

	The Group	
	2010	2009
	\$'000	\$'000
Sale of goods	473,476	420,832
Service charges	107,887	97,104
Transfer to unearned service charges	(1,508)	(2,742)
Earned service charges	106,379	94,362
Total sales	579,855	514,994
Other income:		
Interest income	2,747	3,342
Loss on disposal of property, plant and equipment (net)	109	(125)
Loss on disposal of disposal group classified as held for sale	(355)	-
Others	1,515	2,814
Other income	4,016	6,031
	583,871	521,025

6. Expenses by nature - continuing operations

	The Group	
	2010	2009
	\$'000	\$'000
Purchases of inventories	365,582	326,888
Changes in inventories	(1,185)	(4,105)
Employee compensation (Note 7)	51,460	56,512
Impairment loss on trade receivables	21,825	20,285
Rental on operating leases	26,390	25,016
Contingent rental on operating leases	5,095	5,433
Advertising	26,322	26,765
Depreciation of property, plant and equipment	8,013	9,158
Amortisation of intangible assets	535	925
Impairment loss on goodwill on acquisition	-	3,235
Loss on revaluation of land and building	-	7,610
(Write-back)/write-down of inventories	(208)	574
Others	54,944	49,775
Total cost of sales, distribution and marketing, and administrative expenses	558,773	527,871

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For the financial year ended 31 March 2010

7. Employee compensation - continuing operations

	The Group	
	2010	2009
	\$'000	\$'000
Wages and salaries	46,338	48,645
Employer's contributions to defined contribution plans	5,017	5,559
Less: Government grant - Jobs Credit Scheme	(1,511)	(469)
Other staff related costs	2,616	2,777
	51,460	56,512

The Job Credit scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit was paid to eligible employers in four payments and the amount an employer received would depend on the fulfilment of the conditions as stated in the scheme.

8. Finance expense - continuing operations

	The Group	
	2010	2009
	\$'000	\$'000
Interest expense:		
- bank borrowings	6,838	5,993
Currency translation loss/(gain) - net	217	(633)
	7,055	5,360

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NOTES TO THE FINANCIAL STATEMENTS
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9. Income tax

(a) Income tax (credit)/expense

	The Group	
	2010	2009
	\$'000	\$'000
Tax (credit)/expense attributable to (loss)/profit is made up of:		
- Current financial year:		
Current income tax		
<i>From continuing operations</i>		
- Singapore	2,278	-
Deferred income tax		
<i>From continuing operations</i>		
- Singapore	380	(250)
- Foreign	-	(203)
<i>From discontinued operations</i>		
- Foreign	-	2,377
	<u>2,658</u>	<u>1,924</u>
- (Over)/under provision of current income tax in prior financial years:		
Current income tax		
<i>From continuing operations</i>		
- Singapore	(1,121)	238
- Foreign	(186)	-
<i>From discontinued operations</i>		
- Foreign	-	234
Deferred income tax		
<i>From continuing operations</i>		
- Foreign	(1,451)	-
	<u>(100)</u>	<u>2,396</u>
Tax (credit)/expense is attributable to:		
- continuing operations	(100)	(215)
- discontinued operations (Note 10)	-	2,611
	<u>(100)</u>	<u>2,396</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

9. Income tax (continued)

(a) Income tax (credit)/expense (continued)

The tax expense on results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2010	2009
	\$'000	\$'000
Profit/(loss) before income tax from:		
- continuing operations	18,043	(12,206)
- discontinued operations (Note 10)	95	(5,388)
	18,138	(17,594)
Tax calculated at a tax rate of 17% (2009: 17%)	3,083	(2,991)
Effect of:		
- Change in tax rate	-	61
- Different tax rate in other countries	255	(2,086)
- Expenses not deductible for tax Purposes	1,266	4,000
- Income not subject to tax	(1,732)	(792)
- Utilisation of previously unrecognised deferred tax assets	(188)	-
- Deferred tax asset not recognised		
- temporary differences	-	2,929
- tax losses	-	896
- Others	(26)	(93)
Tax charge	2,658	1,924

(b) Movements in current income tax (liabilities)/recoverable

	The Group	
	2010	2009
	\$'000	\$'000
Balance at 1 April 2009/2008	(73)	1,730
Income tax paid/(refunded)	948	(1,275)
Current financial year's tax expense	(2,278)	-
Over/(under) provision in prior financial years	1,307	(472)
Currency translation differences	4	(56)
Balance at 31 March 2010/2009	(92)	(73)

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For the financial year ended 31 March 2010

9. Income tax (continued)

(b) Movements in current income tax (liabilities)/recoverable (continued)

The current income tax account comprises the following:

	The Group	
	2010	2009
	\$'000	\$'000
Current income tax recoverable	-	343
Current income tax liabilities	(92)	(416)
	<u>(92)</u>	<u>(73)</u>

10. Discontinued operations and Disposal groups classified as held for sale

Following the approval of the Group's management on 25 February 2008 to cease all retail operations of Courts Megastore (Thailand) Limited in Thailand (comprising of the Group's Thailand operating segment), the results from Courts Megastore (Thailand) Limited are presented separately on the income statement as "Discontinued operations" from the financial period ended 31 March 2008. Courts Megastore (Thailand) ceased operation in April 2008.

In 2009, the Group has also decided to discontinue and dispose of its subsidiary, PT Courts Indonesia Tbk ("PTCI"). The assets and liabilities of PTCI have been presented on the consolidated balance sheet as a disposal group held for sale and the results from this subsidiary are presented separately on the consolidated income statement as a discontinued operation. The carrying amount of the investment in this subsidiary and provision for the costs of disposal have been presented as a non-current asset held for sale and liability directly associated with the asset on the consolidated balance sheet as at 31 March 2009.

In addition, certain property, plant and equipment and prepaid lease amounting to \$8,270,000 held by CMB as at 31 March 2009 that are expected to be recovered primarily through sale rather than continuing use are classified together as disposal groups held for sale.

In 2010, the disposal groups classified as held for sale as at 31 March 2009 were disposed.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

10. Discontinued operations and Disposal groups classified as held for sale (continued)

The results of the discontinued operations in Thailand and Indonesia are as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Revenue	7,271	21,260
Expenses	(7,176)	(26,648)
Profit/(loss) before tax from discontinued operations	95	(5,388)
Tax expense	-	(2,611)
Profit/(loss) after tax from discontinued operations	95	(7,999)
Loss recognised on remeasurement of assets of disposal group	-	(9,168)
Transfer of currency translation reserve upon disposal of subsidiaries	(2,808)	-
Loss on disposal of subsidiaries in Thailand and Indonesia	(228)	-
Loss for the year from discontinued operations	(2,941)	(17,167)

Included in expenses is a write-back of impairment loss on trade receivables amounting to \$1,809,000 (2009: \$5,387,000) arising from collection of receivables in Thailand.

The impact of the discontinued operations on the cash flows of the Group is as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Operating cash inflows	11,358	13,080
Investing cash inflows	121	151
Financing cash (outflows)	(11,371)	(37,199)
Total cash inflows/(outflows)	108	(23,968)

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10. Discontinued operations and Disposal groups classified as held for sale (continued)

Details of assets in the disposal groups of Indonesia and Malaysia classified as held for sale are as follows:

	The Group
	2009
	\$'000
Property, plant and equipment	6,289
Prepaid land lease payments (Note 19)	202
Intangible assets (Note 20(a))	133
Trade and other receivables	733
Inventories	2,042
Cash and cash equivalents (Note 12)	984
	<u>10,383</u>

Details of the liabilities directly associated with the disposal groups classified as held for sale are as follows:

	The Group
	2009
	\$'000
Trade and other payables	4,091
Other non-current payables	810
Borrowings – bank overdrafts	364
	<u>5,265</u>

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11. Earnings/(loss) per share

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

	Continuing operations		Discontinued operations		Total	
	2010	2009	2010	2009	2010	2009
Net earnings/(loss) attributable to equity holders of the Company (\$'000)	18,143	(12,241)	(2,941)	(17,167)	15,202	(29,408)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	200,000	195,383	200,000	195,383	200,000	195,383
Basic and diluted earnings/(loss) per share (cents)	9.07	(6.26)	(1.47)	(8.79)	7.60	(15.05)

12. Cash and cash equivalents

	The Group	
	2010 \$'000	2009 \$'000
Cash at bank and on hand	28,842	21,305
Fixed deposits with financial institutions	23,723	29,146
	52,565	50,451

At the balance sheet dates, the carrying amounts of cash and cash equivalents approximate their fair values.

A fixed charge was placed on part of the cash and cash equivalents amounting to \$25,580,000 and \$17,702,000 as at 31 March 2010 and 2009 respectively for the guarantee by a subsidiary company to the banker of the ultimate holding corporation (Note 30).

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12. Cash and cash equivalents (continued)

Fixed deposits at the balance sheet date have a maturity of 1 to 30 days (2009: 1 to 3 months), and the interest rate ranges are as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Singapore Dollar	0.09 - 0.17%	0.33%
Malaysia Ringgit	1.4 - 1.9%	1.6 - 2.5%

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	The Group	
	2010	2009
	\$'000	\$'000
Cash and cash equivalents (as above)	52,665	50,451
Add:		
Cash and cash equivalents of disposal groups (Note 10)	-	984
Less:		
Deposits pledged as securities for bank borrowings and guarantees	(14,113)	(29,092)
Bank overdraft of disposal groups (Note 10)	-	(364)
Cash and cash equivalents per consolidated cash flow statement	38,452	21,979

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12. Cash and cash equivalents (continued)

Disposal of subsidiary and disposal groups held for sale

As disclosed in Note 2, the Group disposed its entire interest in its subsidiary, Courts Megastore (Thailand) Limited on 23 March 2010. During the current financial year, the Group also disposed of the disposal groups held for sale which included its interests in PTCL and certain assets of CMB. The aggregate cash flows arising from the disposals were:

	Subsidiary	The Group Disposal groups classified as held for sale	Total
	\$'000	\$'000	\$'000
Proceeds from disposal of interests in:	-	5,942	5,942
Carrying amount			
Cash and cash equivalents	540	620	1,160
Property, plant and equipment	7	6,764	6,771
Trade and other receivables	109	1,106	1,215
Inventories	-	1,886	1,886
Other current assets	15	-	15
Trade and other payable	(436)	(3,610)	(4,046)
Current income taxes liabilities	(7)	-	(7)
Borrowings	-	(469)	(469)
Currency translation differences	-	2,808	2,808
	228	9,105	9,333
Resulted in:			
- Loss on disposal of:	(228)	(355)	(583)
- Realisation of currency translation differences upon disposal of:	-	(2,808)	(2,808)
	(228)	(3,163)	(3,391)
Proceeds from disposal of interest in:	-	5,942	5,942
Cash and cash equivalents	(540)	(620)	(1,160)
Net cash inflow on disposal, net of cash disposed	(540)	5,322	4,782

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NOTES TO THE FINANCIAL STATEMENTS
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13. Trade and other receivables

(a) Current

	The Group	
	2010	2009
	\$'000	\$'000
Trade receivables including unearned service charges	190,294	200,184
Less: Unearned service charges	(31,560)	(32,040)
	158,734	168,144
Less: Allowance for impairment of receivables	(21,255)	(27,473)
	137,479	140,671
Other receivables	884	1,764
	138,363	142,435

At the balance sheet dates, the carrying amounts of current trade and other receivables approximate their fair values.

(b) Non-current

	The Group	
	2010	2009
	\$'000	\$'000
Trade receivables including unearned service charges	195,493	169,231
Less: Unearned service charges	(21,876)	(19,908)
	173,617	149,323
Less: Allowance for impairment of receivables	(8,828)	(6,813)
	164,789	142,510

At the balance sheet dates, the carrying amounts of non-current trade and other receivables approximate their fair value.

The non-current receivables are due within five years from the balance sheet date.

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13. Trade and other receivables (continued)

- (c) Trade receivables including unearned service charges of a subsidiary amounting to \$147,906,000 and \$149,551,000 as at 31 March 2010 and 2009 respectively have been acquired by Assetrust Pte Ltd (the "Buyer") under an asset securitisation programme (the "programme"). The programme does not meet the asset derecognition criteria laid out in FRS 39. Accordingly, the receivables continue to be recorded in the Group's balance sheet [Note 23(e)].

The corresponding cash received on sale of these receivables is recorded as bank borrowings (Note 23).

14. Inventories

	The Group	
	2010 \$'000	2009 \$'000
Electrical and home appliances	33,975	35,878
Information technology products	16,182	13,218
Furniture and furnishings	7,215	9,630
Others	235	66
	<u>57,607</u>	<u>58,792</u>

The inventories of a subsidiary amounting to \$25,780,000 as at 31 March 2009 were pledged as security for the commercial paper facility to the subsidiary (Note 24). At 31 March 2010, none of the inventories of the subsidiary were pledged.

15. Other current assets

	The Group	
	2010 \$'000	2009 \$'000
Rental and other deposits	7,552	6,735
Prepayments	2,224	1,273
Deposits for asset securitisation	12,516	8,370
	<u>22,292</u>	<u>16,378</u>

The deposits for asset securitisation are deposited into a bank account with the Buyer under the asset securitisation programme [Note 13(c)].

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16. Derivative financial instruments

The notional principal amounts and the fair values of the Group's outstanding derivative financial instruments at the balance sheet date are as follows:

	The Group		
	As at 31 March 2010		
	Notional principal amount \$'000	Gross positive fair value \$'000	Gross negative fair value \$'000
Interest rate swaps	54,500	1,000	-
Interest rate caps	45,500	200	-
	100,000	1,200	-

The Group entered into these derivative instrument contracts to partially hedge its interest rate risk that arises from its borrowings. There are no derivative financial instruments outstanding as at 31 March 2009.

17. Investment in subsidiaries

	The Company	
	2010 \$'000	2009 \$'000
Beginning of financial year	-	-
Acquisitions (Note 2)	221,129	-
End of financial year	221,129	-

Details of significant subsidiaries are set out in Note 37.

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18. Property, plant and equipment

	Buildings	Leasehold properties	Furniture, fixtures, fittings and equipment	Motor vehicles	Total
The Group	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
Balance at 1 April 2009	1,471	1,704	54,261	2,536	59,972
Additions	-	-	2,043	-	2,043
Disposals	-	(1,704)	(3,852)	(1,802)	(7,358)
Reclassified to disposal groups	-	-	(303)	-	(303)
Currency translation differences	21	-	570	-	591
Balance at 31 March 2010	1,492	-	52,739	734	54,965
Accumulated depreciation					
Balance at 1 April 2009	232	1,704	33,505	2,338	37,779
Depreciation charge	52	-	7,036	41	8,029
Disposals	-	(1,704)	(2,856)	(1,694)	(6,254)
Reclassified to disposal groups	-	-	(296)	-	(296)
Currency translation differences	(3)	-	375	-	372
Balance at 31 March 2010	281	-	38,664	685	39,630
Net book value					
At 31 March 2010	1,211	-	14,075	49	15,335

A fixed charge is placed on property, plant and equipment with a net book value amounting to \$8,305,000 as at 31 March 2010 for the guarantee by a subsidiary company to the banker of the ultimate holding corporation (Note 30).

A fixed charge is placed on property, plant and equipment with a net book value amounting to \$9,030,000 as at 31 March 2010 for the syndicated facilities to a subsidiary (Note 23).

**COURTS ASIA PTE. LTD.
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18. Property, plant and equipment (continued)

	Freehold land and buildings	Leasehold properties	Furniture, fixtures, fittings and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
The Group					
<i>Cost or valuation</i>					
Balance at 1 April 2008					
- Cost	6,191	1,704	65,054	4,225	79,174
- Valuation	38,000	-	-	-	38,000
Balance at 1 April 2008	46,191	1,704	65,054	4,225	117,174
Reclassification from intangibles	-	-	50	-	50
Revaluation loss	(13,639)	-	-	-	(13,639)
Additions	-	-	7,490	-	7,490
Disposals	(24,567)	-	(10,992)	(1,221)	(36,780)
Reclassified to disposal groups	(6,371)	-	(5,840)	(361)	(12,572)
Currency translation differences	(143)	-	(1,481)	(107)	(1,731)
Balance at 31 March 2009	1,471	1,704	54,281	2,536	59,992
<i>Representing</i>					
- Cost	1,471	1,704	54,281	2,536	59,992
<i>Accumulated depreciation</i>					
Balance at 1 April 2008	312	1,595	37,541	3,538	42,986
Depreciation charge	208	109	9,430	175	9,922
Revaluation adjustments	(120)	-	-	-	(120)
Disposals	-	-	(8,833)	(976)	(9,809)
Reclassified to disposal groups	(161)	-	(3,663)	(308)	(4,132)
Currency translation differences	(7)	-	(970)	(91)	(1,068)
Balance at 31 March 2009	232	1,704	33,605	2,338	37,779
<i>Net book value</i>					
At 31 March 2009	1,239*	-	20,776	198	22,213

* During the financial year ended 31 March 2009, the Group disposed of certain freehold land and buildings. As at 31 March 2009, there is only one building on prepaid land lease remaining in the Group.

A fixed charge was placed on property, plant and equipment with a net book value amounting to \$11,272,000 as at 31 March 2009 for the guarantee by a subsidiary company to the banker of the ultimate holding corporation (Note 30).

A fixed charge was placed on property, plant and equipment with a net book value amounting to \$10,884,000 as at 31 March 2009 for the commercial paper facility, to the subsidiary (Note 24).

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AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

19. Prepaid land lease payments

	The Group	
	2010	2009
	\$'000	\$'000
<i>Cost</i>		
Balance at 1 April 2009/2008	1,030	1,429
Reclassified to disposal groups	-	(375)
Currency translation differences	57	(24)
Balance at 31 March 2010/2009	<u>1,087</u>	<u>1,030</u>
<i>Accumulated amortisation and impairment</i>		
<i>Loss</i>		
Balance at 1 April 2009/2008	163	141
Amortisation for the period	36	44
Impairment loss	-	155
Reclassified to disposal groups	-	(173)
Currency translation differences	(2)	(4)
Balance at 31 March 2010/2009	<u>197</u>	<u>163</u>
Net book amount	<u>890</u>	<u>867</u>

20. Intangible assets

	The Group	
	2010	2009
	\$'000	\$'000
<i>Composition:</i>		
Computer software licence [Note (a)]	1,489	1,551
Goodwill arising from consolidation [Note (b)]	-	-
Trademark [Note (c)]	20,065	20,065
	<u>21,554</u>	<u>21,616</u>

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20. Intangible assets (continued)

		The Group	
		2010	2009
		\$'000	\$'000
(a)	<i>Computer software licences</i>		
	Balance at 1 April 2009/2008	1,551	1,901
	Reclassified to property, plant and equipment	-	(50)
	Reclassified to disposal groups	-	(133)
	Additions	468	769
	Amortisation	(535)	(925)
	Currency translation differences	5	(11)
	Balance at 31 March 2010/2009	1,489	1,551
	Cost	6,805	6,266
	Accumulated amortisation	(5,316)	(4,715)
	Net book value	1,489	1,551
		The Group	
		2010	2009
		\$'000	\$'000
(b)	<i>Goodwill arising on consolidation</i>		
	Balance at 1 April 2009/2008	-	3,235
	Impairment charge (Note 6)	-	(3,235)
	Balance at 31 March 2010/2009	-	-
		The Group	
		2010	2009
		\$'000	\$'000
(c)	<i>Trademark</i>		
	Balance at 1 April 2009/2008	20,065	20,065
	Balance at 31 March 2010/2009	20,065	20,065

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21. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Deferred income tax assets:		
- to be recovered within one year	(866)	(887)
- to be recovered after more than one year	-	(251)
	(866)	(1,138)

	The Group	
	2010	2009
	\$'000	\$'000
Deferred income tax liabilities:		
- to be settled within one year	-	386
- to be settled after more than one year	3,828	4,800
	3,828	5,186

The movements in the deferred income tax liabilities are as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Balance at 1 April 2009/2008	4,048	2,808
Tax charged/(credited) to:		
- income statement - continuing operation	380	(453)
- income statement - discontinued operation	-	2,377
- equity	-	(780)
Overprovision in prior financial years	(1,451)	-
Currency translation differences	(15)	96
Balance at 31 March 2010/2009	2,962	4,048

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NOTES TO THE FINANCIAL STATEMENTS

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21. Deferred income taxes (continued)

A subsidiary incorporated in Malaysia has unabsorbed tax losses of approximately \$9,795,000 (2009: \$10,901,000). The availability of these losses for offset against future taxable income is subject to the subsidiary meeting certain statutory requirements in its country of incorporation. The subsidiary has unrecognised temporary differences of approximately \$8,690,000 (2009: \$13,501,000).

A subsidiary incorporated in Thailand had unabsorbed tax losses of approximately \$26,530,000 in 2009. The subsidiary was disposed of during 2010.

The tax benefits on these unabsorbed tax losses and temporary differences are not recognised due to the uncertainty that future taxable profits will be available against which the unabsorbed tax losses and temporary differences can be utilised.

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

Deferred income tax assets

	<u>Allowances</u> \$'000
The Group	
Balance at 1 April 2009	(1,838)
Charged/(credited) to:	
- income statement - continuing operations	587
Balance at 31 March 2010	<u>(1,251)</u>
Balance at 1 April 2008	(4,731)
Charged/(credited) to:	
- income statement - continuing operations	(45)
- income statement - discontinued operations	2,809
Currency translation differences	129
Balance at 31 March 2009	<u>(1,838)</u>

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21. Deferred income taxes (continued)

Deferred income tax liabilities

	Revaluation surplus \$'000	Accelerated tax depreciation \$'000	Trademarks \$'000	Total \$'000
The Group				
Balance at 1 April 2009	421	1,637	3,828	5,886
(Credited)/charged to				
- income statement - continuing operations	-	(207)	-	(207)
Overprovision in prior financial years	(418)	(1,033)	-	(1,451)
Currency translation differences	(3)	(12)	-	(15)
Balance at 31 March 2010	-	386	3,828	4,213
Balance at 1 April 2008	1,164	2,547	3,828	7,539
(Credited)/charged to				
- income statement - continuing operations	43	(451)	-	(408)
- income statement - discontinued operations	-	(432)	-	(432)
- equity	(780)	-	-	(780)
Currency translation differences	(6)	(27)	-	(33)
Balance at 31 March 2009	421	1,637	3,828	5,886

22. Trade and other payables

	The Group	
	2010 \$'000	2009 \$'000
Trade payables	72,599	46,238
Deposits from customers	4,747	4,759
Amounts due to ultimate holding corporation (non-trade)	5,985	2,792
Accrued operating expenses	14,174	9,920
Other creditors	13,634	8,230
	111,139	71,939

The non-trade amounts due to ultimate holding corporation are unsecured, interest-free and repayable on demand.

At the balance sheet dates, the carrying amounts of trade and other payables approximated their fair values.

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23. Borrowings

	The Group	
	2010	2009
	\$'000	\$'000
<u>Current</u>		
Commercial papers (Note 24)	-	33,347
Revolving credit [Note 23(a)(ii)]	-	10,403
Borrowings asset securitisation [Note 23(e)(ii)]	-	65,221
Syndicated facilities [Note 23(e)(iii)]	25,718	-
Bridging loan [Note 23(a)(v)]	18,154	-
	43,872	108,971
<u>Non-current</u>		
Borrowings asset securitisation [Note 23(e)(ii)]	63,629	26,179

(a) Security granted

- (i) In 2009 the commercial papers were secured by bank guarantees which were secured by a fixed charge over the designated bank accounts of the subsidiary and a debenture covering fixed and floating assets of the subsidiary.

On 25 February 2010, the commercial paper facility was fully repaid and the facility was cancelled on 1 March 2010.

- (ii) The revolving credit facility at 31 March 2009 relates to borrowings by PTCI, a former subsidiary of CMB. The revolving credit facility was secured by way of fixed charges over fixed deposits amounting to \$6,609,000 of CMB. It was the intention of the management for CMB to repay the borrowings.

On 19 November 2009, the revolving credit facility was fully repaid.

- (iii) The borrowings (asset securitisation) are the amount of consideration received by the Group under the asset securitisation programme for its trade receivables and is shown as borrowings [Note 23(e)(ii)].

- (iv) On 3 March 2010, the Group entered into syndicated revolving credit facilities, comprising two revolving credit facilities of up to RM60 million (equivalent S\$25,600,000) each, and an optimal term loan facility of up to RM30 million (equivalent S\$ 12,800,000).

- (v) On 4 March 2010, the Group obtained a \$18.3 million bridging loan facility to subscribe for the Sub-Senior Interest in connection with the Asset Securitisation Programme 2010. The bridging loan is secured over CSL's interests in the Sub-Senior and Seller Interest [Note 23(e)(ii)] of the Asset Securitisation Programme 2010.

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23. Borrowings (continued)

(b) Maturity of borrowings

Borrowings other than the borrowings (asset securitisation) are due within 12 months.

The borrowings (asset securitisation) have the following maturity period:

	The Group	
	2010	2009
	\$'000	\$'000
Within one year	-	65,221
Later than one year but not later than five years	63,629	26,179

(c) Interest rate risks

The effective interest rates (per annum) of borrowings at the balance sheet date are as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Commercial papers (Malaysia Ringgit)	-	4.0%
Revolving credit (US Dollar)	-	4.5%
Revolving credit (Indonesia Rupiah)	-	16.0%
Borrowings asset securitisation (Singapore Dollar)	3.19%	1.81% - 4.28%
Syndicated facilities (Malaysia Ringgit)	9.53%	-
Bridging loan (Singapore Dollar)	8.39%	-

In 2010, the fixed rate of the asset securitisation program is 2.8%, after taking into consideration the interest rate swap contracts for an amount of \$54,500,000. For the balance amount of up to \$45,500,000, the interest rate is at floating rate based upon market benchmark rate, subject to an interest cap of 6% as a result of the interest rate cap contract.

In 2009 the fixed interest rate of the asset securitisation programme was 4.28% per annum for an amount of \$85,000,000, and for the balance amount the interest rate was floating based upon the rate at which commercial papers can be issued under the asset securitisation programme. The floating interest rate of the non-current borrowings was contractually repriced monthly.

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23. Borrowings (continued)

(d) Carrying amounts and fair value

At the balance sheet dates, the carrying amounts of borrowings approximate their fair values.

(e) Banking facilities

- (i) As at 31 March 2010, the Group has a total of utilised and unutilised bank facilities of \$197,800,000 (2009: \$183,433,000) from various banks.

The revolving credits which form part of the short-term banking facilities are repayable within 12 months from the balance sheet date and the interest rate is determined at the time of drawdown.

- (ii) On 30 April 2004, a subsidiary ("CSL") entered into an agreement ("Asset Securitisation Programme 2004") to sell all of its receivables as and when generated to Assestrust Pte Ltd (the "Buyer"), a special purpose vehicle formed to purchase the receivables from the subsidiary. The financing arrangement of the asset securitisation programme involved repackaging these receivables into beneficial interest instruments with priority of repayments: Senior, Seller, Mezzanine and Junior certificates. The borrowing as at 31 March 2009 comprises of senior certificates with a limit of up to \$125,000,000. CSL has retained the Seller, Mezzanine and Junior certificates issued by the Buyer which amounted to \$94,680,000 at 31 March 2009 of the trade receivables including unearned service charges and accumulated utilisation of allowance for impairment of receivables.

The Asset Securitisation Programme 2004 was renewed as the Asset Securitisation Programme 2010 on 22 March 2010 with various modifications. The Asset Securitisation Programme 2010 will expire on 21 March 2013 and has a limit of up to \$100,000,000. The priority of repayments of the beneficial interest instruments have been changed to include: Senior, Sub-Senior, Seller, Mezzanine and Junior certificates. CSL has retained the Sub-Senior, Seller, Mezzanine and Junior certificates issued by the Buyer which amounted to \$74,013,000 as at 31 March 2010 of the trade receivables including unearned service charges.

Even though the subsidiary does not retain legal ownership of the receivables, the sale of receivables does not result in derecognition under FRS 39 since the subsidiary has retained the risks and rewards of ownership of these receivables to the extent of it holding the Sub-Senior, Seller, Mezzanine and Junior certificates issued by the Buyer.

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23. Borrowings (continued)

(e) Banking facilities (continued)

- (iii) The syndicated facilities of up to RM120 million (equivalent S\$52 million), with option to increase up to RM150 million (equivalent S\$64 million), have an availability period of thirty-six months from 31 March 2010, the date of the Agreement.

The syndicated facilities comprise RM120 million (equivalent S\$52 million) revolving credit facilities and an option to increase another RM30 million (equivalent S\$12 million) term loan facility, and are secured by the following:

- a fixed charge over the designated bank account of the Company and all credit balances in respect thereof
- a debenture, providing a fixed and floating charge over all the assets of the company, both present and future; and
- Corporate guarantees issued by ARG and MRG.

24. Commercial Papers

On 25 February 2010, the Commercial Paper facility was fully repaid and the facility was cancelled on 1 March 2010.

25. Other non-current payables

	The Group	
	2010 \$'000	2009 \$'000
Other payables	94	226

Other payables consist of amounts to be paid to prize winners of contests organised by a subsidiary in periods that are more than one year after the balance sheet date. The non-current payables are due within five years from the balance sheet date.

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26. Share capital

On 18 January 2010, the Company was incorporated with the issuance of 1 fully paid ordinary share.

On 23 March 2010, the Company entered into a Share Swap agreement with Singapore Retail Group Limited and Malaysia Retail Group Limited to acquire their entire share capital of Courts (Singapore) Pte Ltd and Courts (Malaysia) Sdn Bhd (formerly known as "Courts Mammoth Sdn Bhd") for \$221,129,000 which was satisfied with the issuance of 199,999,999 new fully paid ordinary shares.

For the purpose of preparing the consolidated financial statements, the issuance of shares by the Company was presumed to have occurred on the respective dates that ARQ acquired its interests in the Courts Group.

	No. of issued share capital '000	Amount of issued share capital \$'000
The Group		
Balance at 1 April 2009 and March 2010	200,000	221,129
Balance at 1 April 2008	186,296	205,977
Acquisition of minority interests	13,704	15,152
Balance at 31 March 2009	200,000	221,129
The Company		
Balance at 1 April 2009	-	-
Acquisition of minority interests	200,000	221,129
Balance at 31 March 2010	200,000	221,129
Balance at 1 April 2008 and 31 March 2009	-	-

The newly issued shares rank *pari passu* in all respects with the previously issued shares.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

27. Revaluation and other reserves

		The Group	
		2010	2009
		\$'000	\$'000
(a)	Composition:		
	Asset revaluation reserve	-	-
	Currency translation reserve	(7,002)	(14,116)
	Capital reserve	31,288	49,356
		24,286	35,240
(b)	Movements:		
		The Group	
		2010	2009
		\$'000	\$'000
(i)	Asset revaluation reserve		
	Balance at 1 April 2009/2008	-	5,042
	Revaluation of land and building, net of tax	-	(5,042)
	Balance at 31 March 2010/2009	-	-
(ii)	Currency translation reserve		
	Balance at 1 April 2009/2008	(14,116)	(10,705)
	- Transfer of currency translation reserve upon disposal of subsidiary	2,808	-
	- Currency translation differences arising from consolidation	4,306	(3,411)
	Balance at 31 March 2010/2009	(7,002)	(14,116)
(iii)	Capital reserve		
	Balance at 1 April 2009/2008	49,356	78,396
	Acquisition of minority interests	-	8,209
	Distributions to ultimate holding corporation	(6,941)	(12,249)
	Dividend for 2009 (Note 28)	-	(25,000)
	Dividend for 2010 (Note 28)	(11,127)	-
	Balance at 31 March 2010/2009	31,288	49,356

The capital reserve is distributable and relates to:

- difference between the share capital issued for the Restructuring and the consideration paid by ARG in acquiring CSL and CMB.
- difference between the consideration paid for the acquisition of minority interests and the carrying amount of the minority interests at the point of acquisition.

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

27. Revaluation and other reserves (continued)

Distributions are payments to the ultimate holding corporation in relation to certain expenses charged by the ultimate holding corporation. Under merger accounting, these expenses are part of inter-company expenses which are eliminated and the payment classified as distributions to the ultimate holding corporation.

Distributions and dividends which were paid out from the pre-acquisition profits were deducted from the capital reserve.

28. Dividends

	The Group	
	2010	2009
	\$'000	\$'000
<i>Ordinary dividends paid:</i>		
2009		
Special exempt dividend of 15.54 cents per share paid in respect of the financial year ended 31 March 2009	-	25,000
2010		
Interim exempt dividend of 6.92 cents per share paid in respect of the financial year ended 31 March 2010	11,127	-
	11,127	25,000

The dividends were paid by certain subsidiaries of the Group to their ultimate holding corporations.

29. Commitments

Operating lease commitments

At the balance sheet date, the Group had commitments under non-cancellable operating leases contracted for its stores and staff residential premises. The leases have varying terms, escalation clauses and renewal rights. The Group's lease expenditure for continuing operations charged to the income statement during the financial year is disclosed in Note 6.

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

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

29. Commitments (continued)

	The Group	
	2010	2009
	\$'000	\$'000
<u>Continuing operations</u>		
Payable within 1 year	26,618	28,910
Payable between 1 and 5 years	44,657	48,577
Payable after 5 years	19,110	27,813
	90,385	105,300

30. Contingent liability

On 27 February 2009, a subsidiary of the Company (Courts (Singapore) Pte Ltd) issued a guarantee to a bank of the ultimate holding corporation, ARG, in respect of a credit facility amounting to S\$152,400,000 (US\$100,000,000) granted by the bank to ARG (the "credit facility"). In the event that ARG defaults on any debt payments under the credit facility, the bank can call upon the guarantee and request the subsidiary of the Company to pay the entire amount outstanding under the credit facility. The guarantee issued is secured by a debenture deed which provides a fixed charge on certain assets of the subsidiary of the Company with a net carrying amount of S\$31,885,000 and a floating charge on the rest of the subsidiary's assets excluding fixed deposits and trade receivables subject to an asset securitisation programme. In addition, the bank has security over the shares of ARG, Courts (Singapore) Pte Ltd and Courts (Malaysia) Sdn Bhd (formerly known as Courts Mammoth Sdn Bhd).

The credit facility was revised on 29 December 2010. In addition to the existing security held by the bank (as detailed in the previous paragraph), the Company issued a guarantee to the bank, secured by a debenture deed which provides a fixed charge on the assets of the Company. This revised facility is due for repayment on 31 January 2012.

Subsequent to the revision of the credit facility, on 5 January 2011 S\$25,004,000 (US\$19,000,000) of the loan balance due by ARG to the bank was transferred to a subsidiary of the Company, Courts (Singapore) Pte Ltd. The Company continues to be a guarantor for this new facility to Courts (Singapore) Pte Ltd.

At the date of issue of these financial statements, the outstanding balance due by ARG to the bank, inclusive of accumulated interest, is S\$95,602,000 (US\$72,646,000), and the directors of ARG, the Company and the subsidiary have confirmed that:

- (a) the entities are in compliance with all the terms and conditions in relation to the above credit facility; and
- (b) the outstanding balance due by ARG to the bank will be repaid out of the proceeds from either a future public listing of the Company or a direct sale to third parties of some or all of the shares of the Company.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

31. Business combination

In addition to the disclosure shown in Note 2, on 7 June 2007 ARG acquired, via its wholly owned subsidiaries, a 54.16% and 50.10% stake in CSL and CMB respectively. As at 31 March 2008, ARG increased its equity interests in CSL and CMB to 79.56% and 100% respectively.

During the financial year ended 31 March 2009, ARG acquired the remaining 20.44% equity interests in CSL with a cash consideration of approximately \$18,220,000.

32. 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 adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management is carried out by the executive directors and senior management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

(a) Market risk

(i) *Currency risk*

The Group operates in Asia with dominant operations in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Malaysia Ringgit ("RM"), Indonesia Rupiah ("IDR"), Thai Baht ("Baht") and United States Dollar ("USD").

The Group has no significant trading exposure to foreign currency translation risk other than inter-company balances between its subsidiaries. The Company has no foreign currency transaction risk. Customer receivables of the Group are denominated in the local currency and purchases are predominantly transacted in local currency.

Based on the information provided to key management, the Group's currency translation risk exposures relate to the balances denominated in Baht, Ringgit, Rupiah and US Dollar.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the Baht, USD and RM change against the Singapore Dollar ("SGD") by 3% (2009: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	<u>Increase/(Decrease)</u>	
	<u>Profit after tax</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
The Group		
Baht against SGD		
- strengthened	-	1,300
- weakened	-	(1,300)
USD against SGD		
- strengthened	95	-
- weakened	(95)	-
RM against SGD		
- strengthened	75	153
- weakened	(75)	(153)

If the IDR and USD change against the Ringgit by 3% (2009: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	<u>Increase/(Decrease)</u>	
	<u>Profit after tax</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
The Group		
IDR against RM		
- strengthened	-	1,163
- weakened	-	(1,163)
USD against RM		
- strengthened	95	192
- weakened	(95)	(192)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain at least half of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from current and non-current variable-rate borrowings.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 0.5% (2009: 0.5%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by \$54,000 (2009: \$32,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

The Group has no significant concentration of credit risk due to the nature of its business and diversified customer base mainly comprising of individuals. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. It manages credit risk on customer receivables through the application of a credit scoring system and vigilant follow-up of debtors. The Company has no credit risk.

As the Group does not hold any 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 balance sheet.

The Group's major classes of financial assets are bank deposits and trade receivables.

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

32. Financial risk management (continued)

(b) Credit risk (continued)

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

	The Group	
	2010	2009
	\$'000	\$'000
<u>By geographical areas</u>		
Singapore	121,786	125,818
Thailand	-	673
Malaysia	180,482	156,690
Indonesia	-	733
	302,268	283,914

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

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

During the financial year, the Group's trade receivables amounting to \$488,000 (2009: \$819,000) would have been past due or impaired if the terms were not re-negotiated during the financial year.

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

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

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

	The Group	
	2010	2009
	\$'000	\$'000
Past due 0 to 6 months	45,763	45,949
Past due 6 to 12 months	5,621	5,737
	51,384	51,686

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2010

32. Financial risk management (continued)

(b) Credit risk (continued)

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

The movement in the allowance for impairment is as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Balance at 1 April 2009/1 April 2008	36,663	54,004
Currency translation differences	699	(1,178)
Allowance made	21,825	17,047
Allowance utilised	(29,104)	(33,210)
Balance at 31 March 2010/2009	30,083	36,663

The impaired trade receivables arise mainly from sales to individuals who subsequently were unable to pay or were slow in their payments.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000
Group		
At 31 March 2010		
Trade and other payables	111,139	94
Borrowings	49,403	76,722
	160,542	76,816
At 31 March 2009		
Trade and other payables	71,939	226
Borrowings	111,442	27,141
	183,381	27,367

The Group manages the liquidity risk by maintaining sufficient cash to enable it to meet its normal operating commitments, and having an adequate amount of committed credit facilities (Note 23). The Company has no liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

32. 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 while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in Note 23 and equity which comprises of share capital (Note 26), retained earnings and reserves (Note 27).

The gearing ratio is calculated as borrowings divided by total capital. Total capital is calculated as equity plus borrowings.

	The Group	
	2010	2009
	\$'000	\$'000
Borrowings	107,501	135,150
Total equity	247,577	243,329
Total capital	355,078	378,479
Gearing ratio	30.3%	35.7%

With the revised loan facility granted on 29 December 2010 by a bank of the ultimate holding corporation, ARG, (Note 30), the Group is in compliance with all externally imposed capital requirements.

(e) Fair value measurements

Effective 1 April 2009 the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (ie derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

32. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the assets and liabilities measured at fair value at 31 March 2010.

The Group	Level 2 \$'000
Assets	
Derivative financial instruments	1,200

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The fair value of interest rate swaps and interest rate caps are determined using quoted market values provided by the Group's bankers. These instruments are included in Level 2.

33. Immediate and ultimate holding corporations

The immediate holding corporation is Singapore Retail Group Limited, incorporated in Mauritius and the ultimate holding corporation is Asia Retail Group Limited, incorporated in Isle of Man.

34. 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:

Key management personnel compensation

The composition of the key management personnel compensation is as follows:

	The Group	
	2010	2009
	\$'000	\$'000
Salaries and other short-term employee benefits	1,922	2,783
Post-employment benefits	63	56
Less: Government Grant - Jobs Credit Scheme	(2)	(2)
Other benefits	944	696
	2,927	3,533

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

34. Related party transactions (continued)

Total compensation to the directors of the Company amounting to \$1,642,000 (2009: \$1,400,000) is included in the key management personnel compensation above.

35. Segment information

Management has determined the operating segments based on the reports reviewed by the Regional Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Regional Chief Executive Officer, the Regional Chief Financial Officer, and the regional heads of each business.

The Exco considers the business from a geographic segment perspective. Management manages and monitors the business in the two primary geographic areas Singapore and Malaysia. Operations in Singapore and Malaysia are essentially similar and consist principally of the retailing of household furniture, furnishings, home appliances and information technology products. The Group's discontinued operations relate to its operations in Indonesia and Thailand.

Sales revenue is based on the country in which the customers are located, regardless of where the goods are produced. Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and exclude deferred tax assets and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment information provided to the Exco for the financial year ended 31 March 2010 is as follows:

	Singapore \$'000	Malaysia \$'000	Total for continuing operations \$'000	Total for discontinued operations \$'000
Year ended 31 March 2010				
Sales:				
- External sales	388,691	191,164	579,855	6,831
Segment results	23,956	(2,874)	21,082	(2,746)
Other income			4,016	440
Finance expense			(7,055)	(635)
Profit/(loss) before income tax			18,043	(2,941)
Income tax credit			100	-
Total profit			18,143	(2,941)
Other segment items				
Depreciation and amortisation	6,185	2,399	8,584	46
Amortisation of deferred income	(1,891)	(555)	(2,446)	-

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

35. Segment information (continued)

	Singapore \$'000	Malaysia \$'000	Elimination \$'000	Total for consolidated \$'000
At 31 March 2010				
Segment assets	233,335	227,507	(9,970)	450,872
Unallocated assets				24,589
Total consolidated assets				475,461
Segment assets includes:				
Additions to:				
- property, plant and equipment	960	1,083	-	2,043
- intangible assets	458	10	-	468
Segment liabilities	69,881	56,551	(9,969)	116,463
Unallocated liabilities				111,421
Total consolidated liabilities				227,884

The segment information provided to the Exco for the financial year ended 31 March 2009 is as follows:

	Singapore \$'000	Malaysia \$'000	Total for continuing operations \$'000	Total for discontinued operation \$'000
Year ended 31 March 2009				
Sales:				
- External sales	332,891	182,103	514,994	14,782
Segment results	(2,531)	(10,346)	(12,877)	(20,416)
Other income			6,031	6,478
Finance expense			(5,360)	(618)
Loss before income tax			(12,206)	(14,556)
Income tax credit			215	(2,611)
Total profit			(11,991)	(17,167)
Other segment items				
Depreciation and amortisation	7,130	2,953	10,083	765
Amortisation of deferred income	(1,823)	(454)	(2,277)	-
Impairment losses - goodwill	-	3,235	3,235	-

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

35. Segment information (continued)

	Singapore \$'000	Malaysia \$'000	Thailand \$'000	Elimination \$'000	Total for consolidated operations \$'000
As at 31 March 2009					
Segment assets	220,268	209,021	1,082	(3,932)	426,459
Unallocated assets					30,284
Disposal groups – Indonesia and Malaysia					10,363
Total consolidated assets					467,126
Segment liabilities	48,363	32,221	45,268	(48,072)	77,760
Unallocated liabilities					140,762
Liabilities associated with disposal group – Indonesia					5,265
Total consolidated liabilities					223,797
Other segment items					
Capital expenditure					
– property, plant and equipment	5,546	1,884	60	-	7,490
– intangible assets	551	218	-	-	769

Revenue from major products and services

Revenue from external customers is derived mainly from the sale of furniture, electrical and IT products. Food and beverage and warranty are included in "Others". Breakdown of the revenue is as follows:

	2010 \$'000	2009 \$'000
<u>Sales for continuing operations</u>		
Furniture	90,667	84,607
Electrical	217,971	198,779
IT Products	131,936	109,849
Others	32,902	27,397
	473,476	420,632

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

35. Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than deferred income tax assets, fixed deposits and disposal groups.

	2010 \$'000	2009 \$'000
Segment assets for reportable segments	460,872	426,459
Disposal groups – Indonesia and Malaysia	-	10,383
Unallocated:		
- Deferred income tax assets	866	1,138
- Fixed deposits	23,723	29,146
	<u>475,461</u>	<u>467,126</u>

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax liabilities, borrowings, deferred tax liabilities and disposal groups.

	2010 \$'000	2009 \$'000
Segment liabilities for reportable segments	116,463	77,780
Disposal group - Indonesia	-	5,265
Unallocated:		
- Current income tax liabilities	92	416
- Deferred tax liabilities	3,828	5,186
- Borrowings	107,501	135,150
	<u>227,884</u>	<u>223,797</u>

The Group's activities consist entirely of retailing. There is only one business segment.

Revenues derived from a single external customer are less than \$50,000 for the year ended 31 March 2010.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

36. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning after 1 April 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 April 2010.

37. List of significant companies in the Group

Name of Company	Principal activities	Country of incorporation and place Of business	As at 31 March Effective equity interest	
			2010 %	2009 %
<u>Held directly by the Company</u>				
Courts (Singapore) Pte Ltd	Retail of household furniture, furnishings, home appliances and information technology products	Singapore	100	100
Courts (Malaysia) Sdn Bhd (formerly known as "Courts Mammoth Sdn Bhd")	Retail of household furniture, furnishings, home appliances and information technology products	Malaysia	100	100
<u>Held by subsidiaries</u>				
Courts Megastore (Thailand) Limited	Dormant	Thailand	-	80
PT Courts Indonesia Tbk	Retail of household furniture furnishings, home appliances and information technology products	Indonesia	>	94.9

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Courts Asia Pte. Ltd. on **31 JAN 2011**

**APPENDIX B — INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COURTS ASIA
PTE. LTD. AND THE CONSOLIDATED FINANCIAL STATEMENTS OF COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

(Incorporated in Singapore. Registration Number: 201001347K.)

CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

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**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2011

The directors present their report to the shareholder together with the audited financial statements of the Group for the financial year ended 31 March 2011 and the balance sheet of the Company as at 31 March 2011.

Directors

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

Jack Hennessy
Terence Donald O'Connor
Roman Dharmender Hingorani
Kee Kim Eng

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, share options 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.

Directors' contractual benefits

No director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and this report, and except that Mr Jack Hennessy has an employment relationship with one of the shareholders of the ultimate holding corporation, and has received remuneration in that capacity.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2011

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its related corporations.

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

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



JACK HENNESSY
Director

29 DEC 2011



TERENCE DONALD O'CONNOR
Director

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2011

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 5 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors



JACK HENNESSY
Director

29 DEC 2011



TERENCE DONALD O'CONNOR
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COURTS ASIA PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Courts Asia Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 5 to 70, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

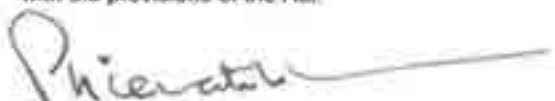
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 29 to the financial statements concerning the contingent liability in respect of the guarantees given by the Company and a subsidiary of the Company to a bank of the ultimate holding corporation. The existence of the guarantees indicates a material uncertainty which may cast significant doubt about the Company's and/or Group's ability to continue as going concerns if and when the bank can call upon the guarantees.

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 the subsidiary incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 29 DEC 2011

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 March 2011

	Note	2011 \$'000	2010 \$'000
Sales	5	674,123	579,855
Cost of sales		(469,113)	(398,773)
Gross profit		205,010	181,082
Other income	5	3,561	4,016
Expenses:			
- Distribution and marketing		(59,678)	(49,584)
- Administrative		(108,293)	(110,416)
- Finance	8	(10,874)	(7,055)
		(178,845)	(167,055)
Profit before income tax		29,726	18,043
Income tax credit	9	2,519	100
Profit from continuing operations		32,245	18,143
Discontinued operations			
Loss from discontinued operations	10	-	(2,941)
Total profit		32,245	15,202
Earnings per share for results from continuing operations attributable to the equity holder of the Company (cents per share)			
- Basic and diluted	11	16.12	9.07
Losses per share for results from discontinuing operations attributable to the equity holder of the Company (cents per share)			
- Basic and diluted	11	-	(1.47)

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2011

	Note	2011 \$'000	2010 \$'000
Total profit		32,245	15,202
Other comprehensive income/(expense):			
Currency translation differences arising from consolidation	26	(4,580)	4,308
Transfer of currency translation reserve upon disposal of a subsidiary	26	-	2,808
Other comprehensive income		(4,580)	7,114
Total comprehensive income		27,665	22,316

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

BALANCE SHEETS

As at 31 March 2011

	Note	The Group		The Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	57,857	52,565	1,129	-
Trade and other receivables	13	149,255	138,363	1,325	-
Inventories	14	59,729	57,607	-	-
Other current assets	15	20,704	22,292	-	-
Current income tax recoverable	9	629	-	-	-
		<u>288,174</u>	<u>270,827</u>	<u>2,454</u>	<u>-</u>
Non-current assets classified as held for sale	10	1,746	-	-	-
		<u>289,920</u>	<u>270,827</u>	<u>2,454</u>	<u>-</u>
Non-current assets					
Derivative financial instruments	16	953	1,200	-	-
Trade and other receivables	13	178,842	164,789	-	-
Investment in subsidiaries	17	-	-	201,064	221,129
Property, plant and equipment	18	15,052	15,335	-	-
Prepaid land lease payments	19	-	890	-	-
Intangible assets	20	21,605	21,554	20,065	-
Deferred income tax assets	21	3,735	866	-	-
		<u>220,187</u>	<u>204,634</u>	<u>221,129</u>	<u>221,129</u>
Total assets		<u>510,107</u>	<u>475,461</u>	<u>223,583</u>	<u>221,129</u>
LIABILITIES					
Current liabilities					
Trade and other payables	22	124,405	111,139	65	-
Current income tax liabilities	9	3,748	92	-	-
Borrowings	23	42,997	43,872	-	-
Deferred income		2,295	3,825	-	-
		<u>173,445</u>	<u>158,928</u>	<u>65</u>	<u>-</u>
Non-current liabilities					
Trade and other payables	22	37	94	22,285	-
Borrowings	23	98,825	63,629	-	-
Deferred income		3,945	1,405	-	-
Deferred income tax liabilities	21	-	3,828	-	-
		<u>102,807</u>	<u>68,956</u>	<u>22,285</u>	<u>-</u>
Total liabilities		<u>276,252</u>	<u>227,884</u>	<u>22,350</u>	<u>-</u>
NET ASSETS		<u>233,855</u>	<u>247,577</u>	<u>201,233</u>	<u>221,129</u>
EQUITY					
Share capital	25	221,129	221,129	221,129	221,129
Other reserves	26	(4,614)	24,266	(24,320)	-
Retained profits		17,340	2,162	4,424	-
Total equity		<u>233,855</u>	<u>247,577</u>	<u>201,233</u>	<u>221,129</u>

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2011

	Note	Share capital \$'000	Other reserves \$'000	Retained profits \$'000	Total Equity \$'000
Balance at 1 April 2010		221,129	24,286	2,162	247,577
Total comprehensive income for the year		-	(4,580)	32,245	27,665
Dividend relating to 2011	27	-	-	(17,067)	(17,067)
Distributions	28	-	(24,320)	-	(24,320)
Balance at 31 March 2011		<u>221,129</u>	<u>(4,614)</u>	<u>17,340</u>	<u>233,855</u>
Balance at 1 April 2009		221,129	35,240	(13,040)	243,329
Total comprehensive income for the year		-	7,114	15,202	22,316
Dividend relating to 2010	27	-	(11,127)	-	(11,127)
Distributions	28	-	(5,941)	-	(5,941)
Balance at 31 March 2010		<u>221,129</u>	<u>24,286</u>	<u>2,162</u>	<u>247,577</u>

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2011

	Note	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Total profit		32,245	15,202
Adjustments for:			
- Tax		(2,519)	(100)
- Depreciation and amortisation		7,012	8,630
- Revaluation loss of property, plant and equipment		226	-
- Amortisation of deferred income		(2,005)	(2,446)
- Interest expense		9,361	6,838
- Interest income		(2,449)	(2,747)
- Amortisation of borrowing costs		1,720	-
- (Gain)/loss on disposal of property, plant and equipment net of deferred income		(130)	(109)
- Fair value loss of financial derivatives		247	-
- Transfer of currency translation reserve upon disposal of subsidiary		-	2,808
- Loss on disposal of a subsidiary		-	228
- Loss on disposal of disposal groups classified as held for sale		-	355
- Foreign currency translation differences		(4,381)	4,028
Operating cash flow before working capital changes		39,327	32,687
Changes in working capital, net effect of disposal of a subsidiary			
- Inventories		(2,122)	1,185
- Trade and other receivables		(24,945)	(20,193)
- Trade and other payables		13,209	40,101
- Other current assets		1,087	(1,783)
Cash generated from operations		26,556	51,997
Tax paid (net)		(1,183)	(948)
Net cash provided by operating activities		25,373	51,049
Cash flows from investing activities			
Additions to property, plant and equipment		(7,401)	(2,043)
Additions of intangible assets		(752)	(468)
Increase in contributions from suppliers		3,310	2,085
Disposal of a subsidiary, net of cash disposed of		-	(540)
Proceeds from sale of property, plant and equipment		73	1,142
Proceeds from sale of disposal groups classified as held for sale		-	5,322
Interest received		2,449	2,747
Net cash (used in)/provided by investing activities		(2,321)	8,245
Cash flows from financing activities			
Repayment of syndicated facilities		(6,345)	(10,403)
Proceed from syndicated facilities		26,032	25,718
Repayment of finance lease liabilities		(21)	-
Repayment of commercial paper		-	(33,347)
Proceed from term loan		26,955	-
Receipt/(Repayment) of loan received on asset securitisation		3,928	(27,771)
(Repayment)/Proceed from bridging loan		(18,154)	18,154
Decrease in fixed deposits pledged as securities for banking facilities		6,784	14,979
(Increase)/decrease in deposits for asset securitisation		501	(4,146)
Purchase of derivatives financial instruments		-	(1,200)
Interest expense		(9,361)	(6,838)
Distributions		(24,320)	(6,941)
Dividends paid		(17,057)	(11,127)
Net cash used in financing activities		(11,068)	(42,922)
Net increase in cash and cash equivalents		11,984	16,372
Cash and cash equivalents at beginning of year		38,452	21,979
Effects of currency translations on cash and cash equivalents		92	101
Cash and cash equivalents at end of year	12	50,528	38,452

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

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

1. General information

Courts Asia Pte. Ltd. was incorporated on 18 January 2010 and is domiciled in Singapore. The address of its registered office is 50 Tampines North Drive 2, Singapore 528766.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 36 to the financial statements.

2. Group restructuring

Asia Retail Group Limited ("ARG"), via its wholly-owned subsidiaries, acquired Courts (Singapore) Pte Ltd ("CSL"), Courts (Malaysia) Sdn Bhd ("CMB") (formerly known as "Courts Mammoth Sdn Bhd") and their respective subsidiaries, comprising Memphis King Limited, M Brown Limited, Crimson Wave Limited, Megastore (Thailand) Limited, Courts Asia Investments (Labuan) Ltd and PT Courts Indonesia Tbk (together referred to as "Courts Group"), on 7 June 2007.

In preparation for a Listing of the Company on the SGX-ST, Courts Group underwent the following restructuring exercise (the "Restructuring"):

- (i) On 23 March 2010, CSL entered into a sale and purchase agreement with ARG to dispose of its entire interest in Memphis King Limited, M Brown Limited, Crimson Wave Limited, and Courts Megastore (Thailand) Limited (the "previous CSL subsidiaries") for nominal consideration of US\$1. Under the terms and conditions of this agreement, ARG procured the commencement of the liquidation process of the previous CSL subsidiaries and CSL reimbursed all reasonable additional costs and expenses incurred by ARG in respect of the dissolution and liquidation process within the period of 36 months from the date of the agreement up to an amount of Baht 10.2 million (equivalent S\$441,000) and warranty claims of up to Baht 4 million (equivalent S\$173,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Group restructuring (continued)

- (ii) On 23 March 2010, CMB entered into sale and purchase agreements with its immediate holding company, Malaysia Retail Group Limited ("MRG"), to dispose of its entire interest in Courts Asia Investments (Labuan) Ltd and PT Courts Indonesia Tbk (the "previous CMB subsidiaries"), each for nominal consideration of US\$1. Under the terms and conditions of the respective agreements, MRG procured the commencement of the liquidation process of each of the previous CMB subsidiaries and CMB reimbursed all reasonable additional costs and expenses incurred by MRG in respect of the dissolution and liquidation process within the period of 36 months from the dates of these agreements up to an amount of US\$2,000,000 (equivalent S\$2,801,000) and total warranty claims of up to US\$175,000 (equivalent S\$245,000). Of the dissolution and liquidation costs of US\$2,000,000 (equivalent S\$2,801,000), an amount of US\$1,250,000 (equivalent S\$1,750,000) and US\$350,000 (equivalent S\$490,000) has been provided in the consolidated income statement for the year ended 31 March 2009 and 31 March 2010 respectively.
- (iii) On 23 March 2010, the Company acquired the entire share capital of CSL and CMB for a consideration of \$221,129,000. The consideration was satisfied by the allotment and issuance of 199,999,999 ordinary share capital of the Company.
- (iv) As part of the accounting for business combination, all the trademarks licensed for use by CSL and CMB as well as certain other trademarks held by ARG are deemed to be an integral part of the business of the Company and therefore are recognised from the date when ARG acquired Courts Group. Based on the valuation obtained from an independent valuer at that time, the valuation of the mentioned trademarks was US\$13 million (S\$20,065,000). Subsequently on 30 December 2010, ARG and the Company entered into a trademark transfer agreement for those mentioned trademarks. The Company agreed to pay a consideration of US\$19 million (S\$24,320,000) based on an independent valuation report as at 30 September 2010.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Group restructuring (continued)

The Restructuring was completed on 23 March 2010 resulting in the Company holding the following subsidiaries:

<u>Name of entity</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>
Courts (Singapore) Pte Ltd	Singapore	Retailing household furniture, furnishings, home appliances and information technology products	100%
Courts (Malaysia) Sdn Bhd	Malaysia	Retailing household furniture, furnishings, home appliances and information technology products	100%

The Restructuring is a business combination of entities under common control since the Company and the Courts Group are controlled by ARG. Accordingly, the Restructuring has been accounted for using merger accounting in accordance with Recommended Accounting Practice 12 *Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 ("RAP 12")*

The effects of merger accounting under RAP 12 are as follows:

- (i) The Restructuring is accounted for in the consolidated financial statements as if it had been effected since 7 June 2007, the date when Courts Group came under the control of ARG. Accordingly, the consolidated income statements include the results of Courts Group for the financial years ended 31 March 2010 and 2011.
- (ii) The assets and liabilities of Courts Group include fair value adjustments and negative goodwill arising from the acquisition of Courts Group by ARG on 7 June 2007. The shares issued by the Company to effect the Restructuring are recorded at a value equal to the deemed cost of acquiring the Courts Group, being the existing book values of the net assets of Courts Group referred to above, minus the negative goodwill recognised by ARG at the time of its acquisition of Courts Group.
- (iii) The difference between the share capital issued for the Restructuring and the carrying amount of the net assets of Courts Group is adjusted against the equity. The retained profits of the Courts Group as at 7 June 2007 are recorded as capital reserve account.
- (iv) All significant intra-group transactions and balances have been eliminated on combination.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

2. Group restructuring (continued)

On 30 December 2010, pursuant to a trademark transfer agreement, the holding company, ARG, transferred to the Company the legal title to the trademarks for a consideration of US\$19,000,000 (\$24,320,000) and this was settled by way of a transfer of bank borrowings with a similar carrying amount of \$24,320,000 from ARG to the Company. Prior to the transfer of the legal title, the trademarks were already carried in the consolidated financial statements at the original valuation of US\$13 million (\$20,065,000) as at 31 March 2007 and no adjustment has been made to this carrying amount as a result of the transfer of legal title. In the Company's balance sheet, an adjustment has been made to transfer \$20,065,000 from "Investment in subsidiaries" to "Intangible assets – trademarks".

The net effect of the trademark transfer agreement to the Company is an additional consideration of \$24,320,000 to acquire the legal title to the trademarks and this has been accounted for as a distribution to ARG in the statement of changes in equity for the year ended 31 March 2011 with no change to the existing carrying amount of the trademarks.

3. Significant accounting policies

3.1 Basis of preparation

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

The financial statements are prepared on a going concern basis. The directors believe that it is not probable that the bank of the ultimate holding corporation, Asia Retail Group Limited ("ARG"), would call on the Company's and the subsidiary's guarantees in respect of the outstanding amount owing by ARG to the bank (Note 29).

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of 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 4.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2010

On 1 April 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

3.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods*

Revenue on instalment sales and cash sales is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) *Rendering of services*

Service charges on instalment sales are recognised over the instalment period on a constant periodic rate of return. The difference between the gross receivables and the present value of the receivables is recognised as unearned service charges.

(c) *Interest income*

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.2 Revenue recognition (continued)

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.3 Group accounting

(a) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Other than the business combination undertaken through the Restructuring as described in Note 2, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group other than common control entities. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. They are de-consolidated from the date on which 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 asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.3 Group accounting (continued)

(b) Transactions with non-controlling interests

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

3.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Buildings are initially recognised at cost.

Buildings are subsequently stated at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Fair values of buildings are determined by independent professional valuers on a periodic basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amount arising from revaluation including translation differences are recognised in an asset revaluation reserve, unless they offset previous decreases in the carrying amount of the same asset, in which case, they are credited to the income statement. Decreases in carrying amounts that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases in carrying amounts are charged to the income statement.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(iii) Components of cost

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

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight line or reducing balance method to allocate the depreciable amounts over their estimated useful lives. The basis of depreciation and estimated useful lives are as follows:

	<u>Basis of depreciation</u>	<u>Useful lives</u>
Buildings	Straight-line	45 years
Furniture, fixtures, fittings and equipment	Straight-line	3 - 10 years
Motor vehicles	Reducing balance	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement 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 can be measured reliably. All other repair and maintenance expenses are recognised in the income statement when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.5 Intangible assets

(a) Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

(b) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of five years.

The amortisation period and amortisation method of acquired computer software licences are reviewed at least at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(c) Acquired trademark

Trademarks acquired in a business combination are initially recognised separately at fair value. The Courts trademarks in Singapore and Malaysia are regarded as having indefinite useful lives, as management is expecting to continue the related business indefinitely and those trademarks are leaders in their markets. Such trademarks are not amortised and are tested for impairment annually (Note 3.8).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.6 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method, except for those costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to be ready for its intended use.

3.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

3.8 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and its value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.8 Impairment of non-financial assets (continued)

- (b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Intangible assets with indefinite useful life are tested for impairment annually.

For the purpose of impairment testing of these assets, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("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 the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to paragraph 3.4 "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset is reversed if, and 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 an 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 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 the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

**3.9 Bank balances
Trade and other receivables**

Bank balances and trade and other receivables are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. Since the Group has a diversified customer base with a large number of individuals, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

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.

Trade and other receivables are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

3.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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 the income statement over the period of the borrowings using the effective interest method.

3.11 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.12 Derivative financial instruments

The Group's borrowings expose it to the financial risks of changes in interest rates.

The Group uses derivative financial instruments (interest rate swaps and interest rate caps) to economically hedge its risks associated with interest rate fluctuations relating to certain firm commitments. The Group does not adopt hedge accounting in respect of the derivative financial instruments it has entered into and categorises such derivative financial instruments as derivatives at fair value through profit or loss.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently remeasured at its fair value. Any changes in the fair value are recognised immediately in the income statement.

3.13 Leases

(a) When the Group is the lessee:

The Group leases retail sites, offices and warehouses under operating leases from non-related parties. The Group also leases certain furniture, fixtures, fittings and equipment under finance leases from non-related party.

(i) Lessee - Operating leases

Leases of property, plant and equipment 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 the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.13. Leases (continued)

(a) When the Group is the lessee (continued):

(ii) 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 balance sheet as furniture, fixtures, fittings 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 expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) When the Group is the lessor:

The Group sub-leases retail sites and outlets under operating leases to non-related parties.

Lessor – Operating leases

Leases of sub-lease properties to non-related parties are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the income statement on a straight-line basis over the lease term.

Contingent rents are recognised as income in the income statement when earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.15 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 balance sheet 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 goodwill or 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 asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured:

- (i) 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 balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expenses in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings are charged or credited directly to equity in the same period the temporary differences arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.16 Provisions

Provision for restructuring costs is 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 can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

3.17 Deferred income

Suppliers' contributions for the purchase of property, plant and equipment are recorded initially as deferred income. Deferred income is then recognised in the income statement over the periods necessary to match the depreciation of the property, plant and equipment purchased with suppliers' contributions. Upon disposal of these assets, any outstanding amount in deferred income will be recognised in the income statement.

3.18 Employee compensation

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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 balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.18 Employee compensation (continued)

(c) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

3.19 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are offset against the related expenses.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

3.20 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 (the "functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.20 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation 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 balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation difference are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

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

(c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rate (unless this 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 currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

3. Significant accounting policies (continued)

3.21 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.

3.22 Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand, 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 balance sheet.

3.23 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.

3.24 Dividends to Company shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3.25 Non-current assets held for sale, disposal groups held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets (or disposal groups) 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 or disposal groups are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised in the income statement. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the income statement.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

Management reviews its trade receivables (Note 13) for objective evidence of impairment at least quarterly. An allowance for impairment is established when there is objective evidence that the trade receivables have been impaired.

Since the Group has a diversified customer base with a large number of individuals, for purpose of collective evaluation of impairments, receivables are grouped based on similar credit characteristics.

Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(b) Impairment of trademarks

Determining whether trademarks are impaired requires either a professional valuation of the trademarks or an estimate of the value-in-use of the CGUs to which the trademarks have been allocated. Professional valuations and value-in-use calculations require an estimate of future cash flows and a suitable discount rate in order to calculate present value. As the exercise is based on both prospective financial and prospective non-financial information, it requires judgement and is subjective in nature. Accordingly, actual outcome can be different from the forecast since anticipated events frequently do not occur as expected and the variations may be material. A change in any of the key variables underlying the cash flow forecast could have a significant impact on the professional valuation and/or the value-in-use calculation. The recoverable amount of the trademarks was determined based on a professional valuation and did not result in the recognition of an impairment loss at 31 March 2010 and 2011.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2011

5. Revenue and other income

	The Group	
	2011	2010
	\$'000	\$'000
Sale of goods	570,528	473,476
Service charges	112,704	107,887
Transfer to unearned service charges	(9,109)	(1,508)
Earned service charges	103,595	106,379
Total sales	674,123	579,855
Other income:		
Interest income	2,449	2,747
Gain on disposal of property, plant and equipment (net)	130	109
Loss on disposal of disposal group classified as held for sale	-	(355)
Fair value loss of derivatives	247	-
Others	735	1,515
Other income	3,561	4,016
	677,684	583,871

6. Expenses by nature - continuing operations

	The Group	
	2011	2010
	\$'000	\$'000
Purchases of inventories	427,762	365,582
Changes in inventories	2,122	(1,185)
Employee compensation (Note 7)	62,305	51,460
Impairment loss on trade receivables	10,723	21,825
Rental on operating leases	27,963	26,390
Contingent rental on operating leases	6,319	5,095
Advertising	29,326	26,322
Depreciation of property, plant and equipment	6,296	8,029
Amortisation of intangible assets	697	535
Write-back of inventories	-	(208)
Others	63,571	54,928
Total cost of sales, distribution and marketing, and administrative expenses	637,084	558,773

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2011

7. Employee compensation - continuing operations

	The Group	
	2011	2010
	\$'000	\$'000
Wages and salaries	54,845	45,338
Employer's contributions to defined contribution plans	5,280	5,017
Less: Government grant - Jobs Credit Scheme	(107)	(1,511)
Other staff related costs	2,287	2,616
	<u>62,305</u>	<u>51,460</u>

8. Finance expense - continuing operations

	The Group	
	2011	2010
	\$'000	\$'000
Interest expense:		
- bank borrowings	11,076	6,838
- finance lease liabilities	5	-
Currency translation loss/(gain) - net	(207)	217
	<u>10,874</u>	<u>7,055</u>

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

9. Income tax

(a) Income tax (credit)/expense

	The Group	
	2011	2010
	\$'000	\$'000
Tax (credit)/expense attributable to profit is made up of:		
- Current financial year:		
Current income tax		
<u>From continuing operations</u>		
- Singapore	3,788	2,278
- Foreign	1,487	-
Deferred income tax		
<u>From continuing operations</u>		
- Singapore	(5,076)	380
- Foreign	(1,500)	-
	<u>(1,301)</u>	<u>2,658</u>
- (Over)/under provision of current income tax in prior financial years:		
Current income tax		
<u>From continuing operations</u>		
- Singapore	(1,139)	(1,121)
- Foreign	65	(186)
Deferred income tax		
<u>From continuing operations</u>		
- Singapore	(144)	-
- Foreign	-	(1,451)
	<u>(2,519)</u>	<u>(100)</u>

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

9. Income tax (continued)

(a) Income tax (credit)/expense (continued)

The tax expense on results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2011	2010
	\$'000	\$'000
Profit before income tax from:		
- continuing operations	29,726	18,043
- discontinued operations (Note 10)	-	95
	<u>29,726</u>	<u>18,138</u>
Tax calculated at a tax rate of 17% (2010: 17%)	5,053	3,083
Effect of:		
- Different tax rate in other countries	924	255
- Expenses not deductible for tax purposes	955	1,266
- Income not subject to tax	(63)	(1,732)
- Utilisation of previously unrecognised deferred tax assets	(3,318)	(188)
- Recognition of cost of trademarks as allowable expenses for tax purposes	(3,828)	-
- Deferred tax asset not recognised		
- temporary differences	(331)	-
- Double/triple deductions of allowable expenses for tax purposes	(680)	-
- Others	(13)	(26)
Tax charge	<u>(1,301)</u>	<u>2,658</u>

(b) Movements in current income tax liabilities

	The Group	
	2011	2010
	\$'000	\$'000
Balance at 1 April 2010/2009	(92)	(73)
Income tax paid	1,183	948
Current financial year's tax expense	(5,275)	(2,278)
Over provision in prior financial years	1,074	1,307
Currency translation differences	(9)	4
Balance at 31 March 2011/2010	<u>(3,119)</u>	<u>(92)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

9. Income tax (continued)

(b) Movements in current income tax liabilities (continued)

The current income tax account comprises the following:

	The Group	
	2011	2010
	\$'000	\$'000
Current income tax recoverable	629	-
Current income tax liabilities	(3,748)	(92)
	(3,119)	(92)

10. Non-current assets classified as held for sale, disposal groups classified as held for sale and discontinued operations

Following the approval of the Group's management on 25 February 2008 to cease all retail operations of Courts Megastore (Thailand) Limited in Thailand (comprising of the Group's Thailand operating segment), the results from Courts Megastore (Thailand) Limited are presented separately on the income statement as "Discontinued operations" from the financial period ended 31 March 2008. Courts Megastore (Thailand) ceased operation in April 2008.

During the financial year ended 31 March 2009, the Group has also decided to discontinue and dispose of its subsidiary, PT Courts Indonesia Tbk ("PTCJ"). The results from this subsidiary are presented separately in the consolidated income statement as a discontinued operation.

On 23 March 2010, the previous disposal groups classified as held for sale were disposed of.

In 2011, certain property, plant and equipment and prepaid land lease with a carrying amount of \$1,746,000 held by Courts (Malaysia) Sdn Bhd ("CMB") (formerly known as "Courts Mammoth Sdn Bhd") that are expected to be recovered primarily through sale rather than continuing use are classified as non-current assets held for sale.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

10. Non-current assets classified as held for sale, disposal groups classified as held for sale and discontinued operations (continued)

- (a) The results of the discontinued operations in Thailand and Indonesia for the financial year ended 31 March 2010 were as follows:

	The Group
	2010
	\$'000
Revenue	7,271
Expenses	(7,176)
Profit before tax from discontinued operations	95
Tax expense	-
Profit after tax from discontinued operations	95
Transfer of currency translation reserve to the income statement upon disposal of subsidiaries	(2,808)
Loss on disposal of subsidiaries in Thailand and Indonesia	(228)
Loss for the year from discontinued operations	(2,941)

Included in expenses is a write-back of impairment loss on trade receivables amounting to \$1,809,000 for the financial year ended 31 March 2010 arising from collection of receivables in Thailand.

- (b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	The Group
	2010
	\$'000
Operating cash inflows	11,358
Investing cash inflows	121
Financing cash outflows	(11,371)
Total cash inflows	108

- (c) Details of the assets in non-current assets classified as held for sale as at 31 March 2011 are as follows:

	The Group	
	2011	2010
	\$'000	\$'000
Property, plant and equipment, net (Note 18)	934	-
Prepaid land lease payment, net (Note 19)	812	-
Total non-current assets classified as held-for-sale	1,746	-

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

11. Earnings per share

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

	Continuing operations		Discontinued operations		Total	
	2011	2010	2011	2010	2011	2010
Net earnings/(loss) attributable to equity holders of the Company (\$'000)	32,245	18,143	-	(2,941)	32,245	15,202
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	200,000	200,000	200,000	200,000	200,000	200,000
Basic and diluted earnings/(loss) per share (cents)	16.12	9.07	-	(1.47)	16.12	7.60

12. Cash and cash equivalents

	The Group		The Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at bank and on hand	42,429	28,842	1,129	-
Fixed deposits with financial institutions	15,428	23,723	-	-
	57,857	52,565	1,129	-

At the balance sheet dates, the carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents of the Group amounting to \$38,116,000 and \$25,581,000 as at 31 March 2011 and 2010 respectively were subject to a fixed charge as security for the guarantee by a subsidiary company to a bank for borrowings of the ultimate holding corporation (Note 29).

The cash at bank and on hand of the Company amounting to \$1,129,000 as at 31 March 2011 was subject to a fixed charge as security for the guarantee by the Company to a bank for borrowings of the ultimate holding corporation (Note 29).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

12. Cash and cash equivalents (continued)

Fixed deposits at the balance sheet date have a maturity of 1 to 30 days (2010: 1 to 3 months), and the interest rate ranges are as follows:

	The Group	
	2011	2010
	\$'000	\$'000
Singapore Dollar	0.10%	0.09 - 0.17%
Malaysia Ringgit	1.4 - 2.19%	1.4 - 1.9%

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	The Group	
	2011	2010
	\$'000	\$'000
Cash and cash equivalents (as above)	57,857	52,565
Less:		
Deposits pledged as securities for certain bank borrowings	(7,329)	(14,113)
Cash and cash equivalents per consolidated cash flow statement	50,528	38,452

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

12. Cash and cash equivalents (continued)

Disposal of subsidiary and disposal groups held for sale

As disclosed in Note 2, the Group disposed of its entire interest in its subsidiary, Courts Megastore (Thailand) Limited on 23 March 2010. During the financial year ended 31 March 2010, the Group also disposed of the disposal groups held for sale which included its interests in PTCI and certain assets of CMB. The aggregate cash flows arising from the disposals were:

	Subsidiary \$'000	Disposal groups classified as held for sale \$'000	Total \$'000
The Group			
Proceeds from disposal:	-	5,942	5,942
Less:			
Cash and cash equivalents	540	620	1,160
Property, plant and equipment	7	6,764	6,771
Trade and other receivables	109	1,106	1,215
Inventories	-	1,886	1,886
Other current assets	15	-	15
Trade and other payable	(436)	(3,610)	(4,046)
Current income taxes liabilities	(7)	-	(7)
Borrowings	-	(469)	(469)
Currency translation differences	-	2,808	2,808
	228	9,105	9,333
Loss on disposal	(228)	(355)	(583)
Realisation of currency translation differences upon disposal of:	-	(2,808)	(2,808)
	(228)	(3,163)	(3,391)
<u>Effect on consolidated statement of cash flows</u>			
Proceeds from disposal	-	5,942	5,942
Cash and cash equivalents disposed of	(540)	(620)	(1,160)
Net cash inflow on disposal, net of cash and cash equivalents disposed of	(540)	5,322	4,782

There were no such disposals in the financial year ended 31 March 2011.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

13. Trade and other receivables

(a) Current

	The Group		The Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade receivables including unearned service charges	195,005	190,294	-	-
Less: Unearned service charges	(34,596)	(31,560)	-	-
	<u>160,409</u>	<u>158,734</u>	-	-
Less: Allowance for impairment of receivables	(12,849)	(21,255)	-	-
	<u>147,560</u>	<u>137,479</u>	-	-
Amount due from a subsidiary (trade)	-	-	1,325	-
Other receivables	1,695	884	-	-
	<u>149,255</u>	<u>138,363</u>	<u>1,325</u>	<u>-</u>

At the balance sheet dates, the carrying amounts of current trade and other receivables approximate their fair values.

(b) Non-current

	The Group	
	2011	2010
	\$'000	\$'000
Trade receivables including unearned service charges	214,900	195,493
Less: Unearned service charges	(25,789)	(21,876)
	<u>189,111</u>	<u>173,617</u>
Less: Allowance for impairment of receivables	(10,269)	(8,828)
	<u>178,842</u>	<u>164,789</u>

At the balance sheet dates, the carrying amounts of non-current trade and other receivables approximate their fair value.

The non-current receivables are due within five years from the balance sheet date.

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13. Trade and other receivables (continued)

- (c) Trade receivables including unearned service charges of a subsidiary amounting to \$143,269,000 and \$149,551,000 as at 31 March 2011 and 2010 respectively have been acquired by Assetrust Pte Ltd (the "Buyer") under an asset securitisation programme (the "programme"). The programme does not meet the asset derecognition criteria laid out in FRS 39 – Financial Instruments: Recognition and Measurement. Accordingly, the receivables continue to be recorded in the Group's balance sheet.

The corresponding cash received on sale of these receivables is recorded as bank borrowings (Note 23).

14. Inventories

	The Group	
	2011 \$'000	2010 \$'000
Electrical and home appliances	36,642	33,975
Information technology products	15,738	16,182
Furniture and furnishings	7,263	7,215
Other	86	235
	<u>59,729</u>	<u>57,607</u>

15. Other current assets

	The Group	
	2011 \$'000	2010 \$'000
Rental and other deposits	7,217	7,552
Prepayments	1,472	2,224
Deposits for asset securitisation	12,015	12,516
	<u>20,704</u>	<u>22,292</u>

The deposits for asset securitisation are deposited into a bank account with the Buyer under the asset securitisation programme [Note 13(c)].

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

16. Derivative financial instruments

The notional principal amounts and the fair values of the Group's outstanding derivative financial instruments at the balance sheet date are as follows:

The Group	
As at 31 March 2011	
Notional principal amount \$'000	Gross positive fair value \$'000
Interest rate swaps	54,500
Interest rate caps	45,500
	100,000
	953

The Group	
As at 31 March 2010	
Notional principal amount \$'000	Gross positive fair value \$'000
Interest rate swaps	54,500
Interest rate caps	45,500
	100,000
	1,200

17. Investment in subsidiaries

The Company	
2011	2010
\$'000	\$'000
Balance at 1 April 2010/2009	221,129
Acquisitions (Note 2)	-
Transfer to intangible assets – trademark (Note 2 and 20(b))	(20,065)
Balance at 31 March 2011/2010	201,064
	221,129

Details of significant subsidiaries are set out in Note 35.

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18. Property, plant and equipment

	<u>Buildings</u>	<u>Furniture, fixtures, fittings and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
The Group				
<i>Cost</i>				
Balance at 1 April 2010	1,492	52,739	734	54,965
Additions	-	7,607	-	7,607
Disposals	-	(4,462)	(372)	(4,834)
Revaluation loss	(506)	-	-	(506)
Reclassified to disposal groups	(958)	-	-	(958)
Currency translation differences	(28)	(663)	(15)	(706)
Balance at 31 March 2011	-	55,221	347	55,568
<i>Accumulated depreciation</i>				
Balance at 1 April 2010	281	38,664	685	39,630
Depreciation charge	24	6,261	11	6,296
Revaluation loss	(280)	-	-	(280)
Disposals	-	(4,317)	(349)	(4,666)
Reclassified to disposal groups	(24)	-	-	(24)
Currency translation differences	(1)	(425)	(14)	(440)
Balance at 31 March 2011	-	40,183	333	40,516
Net book value				
At 31 March 2011	-	15,038	14	15,052

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18. Property, plant and equipment (continued)

			Furniture, fixtures, fittings and equipment	Motor vehicles	Total
	Buildings	Leasehold properties			
The Group	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
Balance at 1 April 2009	1,471	1,704	54,281	2,536	59,992
Additions	-	-	2,043	-	2,043
Disposals	-	(1,704)	(3,852)	(1,802)	(7,358)
Reclassified to disposal groups	-	-	(303)	-	(303)
Currency translation differences	21	-	570	-	591
Balance at 31 March 2010	1,492	-	52,739	734	54,965
Accumulated depreciation					
Balance at 1 April 2009	232	1,704	33,505	2,338	37,779
Depreciation charge	52	-	7,936	41	8,029
Disposals	-	(1,704)	(2,856)	(1,694)	(6,254)
Reclassified to disposal groups	-	-	(296)	-	(296)
Currency translation differences	(3)	-	375	-	372
Balance at 31 March 2010	281	-	38,664	685	39,630
Net book value					
At 31 March 2010	1,211	-	14,075	49	15,335

- (a) Included in additions in the consolidated financial statements are furniture, fixture and fittings acquired under finance lease amounting to \$206,000 (2010: Nil). The carrying amount of furniture, fixtures and fittings under finance leases are \$188,671 (2010: Nil) at the balance sheet date.
- (b) Property, plant and equipment with a net book value amounting to \$6,418,000 and \$6,305,000 as at 31 March 2011 and 2010 respectively is subject to a fixed charge as security for the guarantee by a subsidiary company to a bank for borrowings of the ultimate holding corporation (Note 30).

Property, plant and equipment with a net book value amounting to \$8,634,000 and \$9,030,000 as at 31 March 2011 and 2010 respectively is subject to a fixed charge as security for the syndicated credit facilities to a subsidiary (Note 23).

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For the financial year ended 31 March 2011

19. Prepaid land lease payments

	The Group	
	2011	2010
	\$'000	\$'000
<i>Cost</i>		
Balance at 1 April 2010/2009	1,087	1,030
Currency translation differences	(58)	57
Reclassified to disposal groups	(1,029)	-
Balance at 31 March 2011/2010	-	1,087
<i>Accumulated amortisation and impairment loss</i>		
Balance at 1 April 2010/2009	197	163
Amortisation for the period	19	36
Reclassified to disposal groups	(217)	-
Currency translation differences	1	(2)
Balance at 31 March 2011/2010	-	197
Net book amount	-	890

20. Intangible assets

	The Group		The Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<i>Composition:</i>				
Computer software licence				
[(note (a))]	1,540	1,489	-	-
Trademarks [(note (b))]	20,065	20,065	20,065	-
Net book value	21,605	21,554	20,065	-

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For the financial year ended 31 March 2011

20. Intangible assets (continued)

	The Group	
	2011 \$'000	2010 \$'000
(a) <i>Computer software licences</i>		
Balance at 1 April 2010/2009	1,489	1,551
Additions	752	468
Amortisation	(697)	(535)
Currency translation differences	(4)	5
Balance at 31 March 2011/2010	1,540	1,489
Cost	7,557	6,805
Accumulated amortisation	(6,013)	(5,316)
Currency translation differences	(4)	-
Net book value	1,540	1,489

(b) *Trademarks*

	The Group		The Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Balance at 1 April 2010/2009	20,065	20,065	-	-
Transfer from investment in Subsidiaries (Note 2 and 17)	-	-	20,065	-
Balance at 31 March 2011/2011	20,065	20,065	20,065	-

As part of the accounting for business combination, all the trademarks licensed for use by CSL and CMB as well as certain trademarks held by ARG are deemed to be an integral part of the Company and therefore are recognised from the date ARG acquired Courts Group. Based on the valuation obtained from an independent valuer at that time, the valuation of the mentioned trademarks was US\$13 million (S\$20,065,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

20. Intangible assets (continued)

(b) Trademarks (continued)

Trademarks are allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the trademarks are as follows:

	The Group and the Company	
	2011	2010
	\$'000	\$'000
Singapore	14,857	14,857
Malaysia	5,208	5,208
	20,065	20,065

The recoverable amount of a CGU was determined based on fair value less cost to sell using a royalty relief valuation method. Royalty relief valuation method is based on the assumption that if the Company did not own its trademarks, it would need to license them from another entity that did. In doing so, a royalty rate charge would be made based on turnover. Cash flow projections in the calculations cover a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates.

Key assumptions used:

	2011		2010	
	Singapore	Malaysia	Singapore	Malaysia
Royalty rate ¹	0.5%	0.4%	0.5%	0.4%
Discount rate ²	15%	17%	15%	17%

¹ Based on market royalty rate.

² Post-tax discount rate applied to the post-tax cashflow projection.

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21. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group	
	2011	2010
	\$'000	\$'000
Deferred income tax assets:		
- to be recovered within one year	<u>(3,735)</u>	<u>(866)</u>
	(3,735)	(866)
	The Group	
	2011	2010
	\$'000	\$'000
Deferred income tax liabilities:		
- to be settled after more than one year	<u>-</u>	<u>3,828</u>

The movements in the deferred income tax liabilities/(assets) are as follows:

	The Group	
	2011	2010
	\$'000	\$'000
Balance at 1 April 2010/2009	2,962	4,048
Tax charged/(credited) to:		
- income statement - continuing operation	(6,576)	380
Overprovision in prior financial years	(144)	(1,451)
Currency translation differences	23	(15)
Balance at 31 March 2011/2010	<u>(3,735)</u>	<u>2,962</u>

As at 31 March 2011, a subsidiary incorporated in Malaysia has unabsorbed tax losses of approximately Nil (2010: \$9,795,000) and unrecognised temporary differences of approximately Nil (2010: \$8,690,000).

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For the financial year ended 31 March 2011

21. Deferred income taxes (continued)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

Deferred income tax assets

	<u>Allowances</u> \$'000
The Group	
Balance at 1 April 2010	(1,251)
Charged/(credited) to:	
- income statement - continuing operations	(3,671)
Currency translation difference	37
Balance at 31 March 2011	<u>(4,885)</u>
Balance at 1 April 2009	(1,838)
Charged/(credited) to:	
- income statement - continuing operations	587
Balance at 31 March 2010	<u>(1,251)</u>

Deferred income tax liabilities

	<u>Revaluation surplus</u> \$'000	<u>Accelerated tax depreciation</u> \$'000	<u>Trademarks</u> \$'000	<u>Total</u> \$'000
The Group				
Balance at 1 April 2010	-	385	3,828	4,213
(Credited)/charged to				
- income statement - continuing operations	-	923	(3,828)	(2,905)
Overprovision in prior financial years	-	(144)	-	(144)
Currency translation differences	-	(14)	-	(14)
Balance at 31 March 2011	<u>-</u>	<u>1,150</u>	<u>-</u>	<u>1,150</u>
Balance at 1 April 2009	421	1,637	3,828	5,886
(Credited)/charged to				
- income statement - continuing operations	-	(207)	-	(207)
Overprovision in prior financial years	(418)	(1,033)	-	(1,451)
Currency translation differences	(3)	(12)	-	(15)
Balance at 31 March 2010	<u>-</u>	<u>385</u>	<u>3,828</u>	<u>4,213</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2011

22. Trade and other payables

(a) Current

	The Group		The Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables	75,704	72,599	-	-
Deposits from customers	5,129	4,747	-	-
Amounts due to ultimate holding corporation (non-trade)	4,881	5,985	-	-
Accrual for operating expenses	22,916	14,174	65	-
Other creditors	15,775	13,634	-	-
	<u>124,405</u>	<u>111,139</u>	<u>65</u>	<u>-</u>

(b) Non-current

	The Group		The Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Loan from a subsidiary	-	-	22,285	-
Other payable	37	94	-	-
	<u>37</u>	<u>94</u>	<u>22,285</u>	<u>-</u>

The non-trade amounts due to ultimate holding corporation are unsecured, interest-free and repayable on demand.

The loan from a subsidiary is unsecured and no repayment is expected in the next twelve months. Interest is payable at 8% per annum. The loan is denominated in United States Dollar.

At the balance sheet dates, the carrying amounts of trade and other payables approximated their fair values.

23. Borrowings

	The Group	
	2011 \$'000	2010 \$'000
<u>Current</u>		
Syndicated facilities [Note 23(e)]	33,808	25,718
Bridging loan [Note 23(a)(ii)]	-	18,154
Finance lease liabilities (Note 24)	65	-
Term loan (Note 23(a)(iii))	9,124	-
	<u>42,997</u>	<u>43,872</u>
<u>Non-current</u>		
Term loan (Note 23 (a)(iii))	17,831	-
Finance lease liabilities (Note 24)	120	-
Syndicated facilities [Note 23(e)]	11,597	-
Borrowings asset securitisation [Note 23(e)(ii)]	69,277	63,629
	<u>98,825</u>	<u>63,629</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

23. Borrowings (continued)

(a) Security granted

- (i) On 3 March 2010, the Group entered into syndicated revolving credit facilities, comprising two revolving credit facilities of up to RM60 million (equivalent S\$25,600,000) each, and an optimal term loan facility of up to RM30 million (equivalent S\$ 12,800,000).
- (ii) On 4 March 2010, the Group obtained a \$18.3 million bridging loan facility to subscribe for the Sub-Senior Interest in connection with the Asset Securitisation Programme 2010 (Note 23(e)(ii)). The bridging loan is secured over CSL's interests in the Sub-Senior and Seller Interest [Note 23(e)(ii)] of the Asset Securitisation Programme 2010. The bridging loan was fully repaid in the financial year ended 31 March 2011.
- (iii) On 5 January 2011, the Group obtained a term loan amounting to US\$23 million (equivalent S\$30,268,000). The term loan is secured over the cash at bank and on hand (Note 12) amounting to \$38,116,000 and property, plant and equipment (Note 18) amounting to \$6,418,000 as at 31 March 2011.

(b) Maturity of borrowings

The borrowings have the following maturity period:

	The Group	
	2011	2010
	\$'000	\$'000
Within one year	42,997	43,872
Later than one year but not later than five years	98,825	63,629
	141,822	107,501

NOTES TO THE FINANCIAL STATEMENTS

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23. Borrowings (continued)

(c) Interest rate risks

The effective interest rates (per annum) of borrowings at the balance sheet date are as follows:

	The Group	
	2011 \$'000	2010 \$'000
Syndicated facilities (Malaysia Ringgit)	9.26%	9.53%
Bridging loan (Singapore Dollar)	-	8.39%
Finance lease liabilities (Malaysia Ringgit)	6.12%	-
Term loan (United States Dollar)	6.3%	-
Borrowings asset securitisation (Singapore Dollar)	3.72%	3.19%

The interest rate of the asset securitisation programme is fixed at 2.8% (2010: 2.8%) per annum, for an amount up to \$54,500,000 (2010: \$54,500,000) and variable for the balance amounts based upon the rate at which commercial paper is issued under the asset securitisation programme. The variable interest rate of the non-current borrowings is contractually repriced monthly.

(d) Carrying amounts and fair value

At the balance sheet dates, the carrying amounts of borrowings approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

23. Borrowings (continued)

(e) Banking facilities

- (i) As at 31 March 2011, the Group has a total of utilised and unutilised bank credit facilities of \$214,700,000 (2010: \$197,800,000) from various banks.
- (ii) On 30 April 2004, a subsidiary, CSL, entered into an agreement ("Asset Securitisation Programme 2004") to sell all of its trade receivables as and when generated to Assetrust Pte Ltd (the "Buyer"), a special purpose vehicle formed to purchase the receivables from the subsidiary. The financing arrangement of the asset securitisation programme involved repackaging these receivables into beneficial interest instruments with priority of repayments: Senior, Seller, Mezzanine and Junior certificates.

The Asset Securitisation Programme 2004 was renewed as the Asset Securitisation Programme 2010 on 22 March 2010 with various modifications. The Asset Securitisation Programme 2010 will expire on 21 March 2013 and has a limit of up to \$100,000,000. The priority of repayments of the beneficial interest instruments have been changed to include: Senior, Sub-Senior, Seller, Mezzanine and Junior certificates. As at 31 March 2011, CSL has retained the Sub-Senior, Seller, Mezzanine and Junior certificates issued by the Buyer which amounted to \$73,392,000 (2010: \$74,013,000) of the trade receivables including unearned service charges (Note 13).

Although the subsidiary does not retain legal ownership of the receivables, the sale of receivables does not result in derecognition under FRS 39 since the subsidiary has retained the risks and rewards of ownership of these receivables to the extent of it holding the Sub-Senior, Seller, Mezzanine and Junior certificates issued by the Buyer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

23. Borrowings (continued)

(e) Banking facilities (continued)

- (iii) The syndicated facilities of up to RM120 million (equivalent S\$52 million), with option to increase up to RM150 million (equivalent S\$64 million), have an availability period of up to thirty-six months from 31 March 2011, the date of the Agreement.

The syndicated facilities are secured by the following:

- a fixed charge over the designated bank accounts of a subsidiary ("CMB") and all credit balances in respect thereof
- a debenture, providing a fixed and floating charge over all the assets of a subsidiary, both present and future; and
- corporate guarantees issued by ARG and MRG.

24. Finance lease liabilities

The Group leases certain furniture, fixtures, fittings and equipment from non-related parties under finance leases.

	The Group	
	2011	2010
	\$'000	\$'000
Minimum lease payments due		
- Not later than one year	76	-
- Between one and five years	126	-
	202	-
Less: Future finance charges	(17)	-
Present value of finance lease liabilities	185	-

The present values of finance lease liabilities are analysed as follows:

	The Group	
	2011	2010
	\$'000	\$'000
Not later than one year	65	-
Between one and five years	120	-
	185	-

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25. Share capital

On 18 January 2010, the Company was incorporated with the issuance of 1 fully paid ordinary share.

On 23 March 2010, the Company entered into a Share Swap agreement with Singapore Retail Group Limited and Malaysia Retail Group Limited to acquire their entire share capital of Courts (Singapore) Pte Ltd and Courts (Malaysia) Sdn Bhd (formerly known as "Courts Mammoth Sdn Bhd") for \$221,129,000 which was satisfied with the issuance of 199,999,999 new fully paid ordinary shares.

For the purpose of preparing the consolidated financial statements, the issuance of shares by the Company was treated as if it had occurred on the respective dates that ARG acquired its interests in the entities in the Courts Group.

	No. of issued share capital '000	Amount of issued share capital \$'000
The Group		
Balance at 1 April 2010 and 31 March 2011	<u>200,000</u>	<u>221,129</u>
The Company		
Balance at 1 April 2010 and 31 March 2011	<u>200,000</u>	<u>221,129</u>

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26. Other reserves

		The Group		The Company	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
(a)	Composition:				
	Currency translation reserve	(11,582)	(7,002)	-	-
	Capital reserve	6,968	31,288	(24,320)	-
		(4,614)	24,286	(24,320)	-
		The Group		The Company	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
(b)	Movements:				
(i)	<i>Currency translation reserve</i>				
	Balance at 1 April 2010/2009	(7,002)	(14,116)	-	-
	- Transfer of currency translation reserve upon Disposal of subsidiary	-	2,808	-	-
	- Currency translation differences arising from consolidation	(4,580)	4,306	-	-
	Balance at 31 March 2011/2010	(11,582)	(7,002)	-	-
		The Group		The Company	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
(ii)	<i>Capital reserve</i>				
	Balance at 1 April 2010/2009	31,288	49,356	-	-
	Distributions to ultimate holding corporation	(24,320)	(6,941)	(24,320)	-
	Dividend for 2010 (Note 27)	-	(11,127)	-	-
	Balance at 31 March 2011/2010	6,968	31,288	(24,320)	-

The capital reserve of the Group is distributable and relates to:

- difference between the share capital issued for the Restructuring and the consideration paid by ARG in acquiring CSL and CMB.
- difference between the consideration paid for the acquisition of minority interests and the carrying amount of the non-controlling interests at the point of acquisition.

The capital reserve of the Company relates to the payment for trademarks transfer (Note 2) as part of the Group restructuring.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

26. Revaluation and other reserves (continued)

Distributions are payments to the ultimate holding corporation in relation to certain expenses charged by the ultimate holding corporation as well as payments for the trademarks (Note 2). Under merger accounting, these expenses are part of inter-company expenses which are eliminated and the payment classified as distributions to the ultimate holding corporation.

Distributions and dividends which were paid out of the pre-acquisition profits were deducted from the capital reserve.

27. Dividends

	The Group	
	2011	2010
	\$'000	\$'000
<i>Ordinary dividends paid:</i>		
2011		
Interim exempt dividend of 8.53 cents per share paid in respect of the financial year ended 31 March 2011	17,067	-
2010		
Interim exempt dividend of 5.56 cents per share paid in respect of the financial year ended 31 March 2010	-	11,127
	<u>17,067</u>	<u>11,127</u>

During the financial year ended 31 March 2010, the dividends were paid by certain subsidiaries of the Group to their ultimate holding corporations.

28. Commitments

Operating lease commitments

At the balance sheet date, the Group had commitments under non-cancellable operating leases contracted for its stores and staff residential premises. The leases have varying terms, escalation clauses and renewal rights. The Group's lease expenditure for continuing operations charged to the income statement during the financial year is disclosed in Note 6.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

28. Commitments (continued)

	The Group	
	2011	2010
	\$'000	\$'000
<u>Continuing operations</u>		
Payable within 1 year	29,264	26,618
Payable between 1 and 5 years	51,368	44,657
Payable after 5 years	5,212	19,110
	85,844	90,385

29. Contingent liability

On 27 February 2009, a subsidiary of the Company, CSL, issued a guarantee to a bank in respect of a credit facility granted by the bank to the ultimate holding corporation, ARG (the "credit facility"). In the event that ARG defaults on any debt payments under the credit facility, the bank can call upon the guarantee and request the subsidiary to pay the entire amount outstanding under the credit facility. The guarantee issued is secured by a debenture deed which provides a fixed charge on certain assets of the subsidiary with a net carrying amount of S\$44,534,000 and a floating charge on the rest of the subsidiary's assets excluding fixed deposits and trade receivables subject to an asset securitisation programme. In addition, the bank holds charges over the shares in ARG, CSL and CMB.

The credit facility was revised on 29 December 2010. In addition to the existing security held by the bank (as detailed in the previous paragraph), the Company issued a guarantee to the bank secured by a debenture deed which provides a fixed charge on the assets of the Company.

Subsequent to the revision of the credit facility, on 5 January 2011 \$30,268,000 (US\$23,000,000) of the loan balance due by ARG to the bank was transferred to a subsidiary of the Company, which is now fully reflected as a liability of the Group, we draw attention to Note 23 for further details. The Company continues to be a guarantor for this new facility to CSL.

Based on the revised loan facility, the outstanding balance, inclusive of accumulated interest due by ARG to the bank as at 31 March 2011 was \$81,157,000 (US\$64,410,000), and at the date of this report, is \$88,056,000 (US\$67,832,000). The loan is scheduled to be fully repaid by ARG on 31 January 2012. Should ARG not repay the amounts due under the revised facility at their due date, or should ARG be unsuccessful in extending the due date of the loan, the bank can call upon the guarantees and request the Company and a subsidiary to pay the entire loan amount outstanding, which may result in the Company and the subsidiary being unable to continue in operational existence for the foreseeable future. If this happens, adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the balance sheets of the Company and Group as at 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

29. Contingent liability (continued)

In addition, the Company and Group may have to provide for further liabilities which may arise, and to classify the non-current assets as current assets. The financial statements do not include the adjustments that would result if the Company and Group were unable to continue as going concerns.

The existence of the guarantees indicates a material uncertainty which may cast significant doubt about the Company's and/or Group's ability to continue as a going concern if and when the bank can call upon the guarantees.

30. 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 adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management is carried out by the executive directors and senior management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

(a) Market risk

(i) Currency risk

The Group operates in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar ("USD").

The Group has no significant trading exposure to foreign currency translation risk other than inter-company balances between its subsidiaries. The Company has no foreign currency translation risk. Customer receivables of the Group are denominated in the functional currency and purchases are predominantly transacted in functional currency of the respective subsidiaries.

Based on the information provided to key management, the Group's currency translation risk exposures relate to the balances denominated in US Dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

30. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure to USD arises from the term loan (Note 23), amounting to \$26,955,000.

The Company's currency exposure to USD arises from its loan from a subsidiary (Note 22) amounting to \$22,285,000.

If the USD changes against the Singapore Dollar ("SGD") by 3% (2010: 3%) with all other variables including tax rate being held constant, the effects on the profit after tax will be as follows:

	<u>Increase/(Decrease)</u>	
	<u>Profit after tax</u>	
	2011	2010
	\$'000	\$'000
The Group		
USD against SGD		
- strengthened	721	95
- weakened	(721)	(95)
The Company		
USD against SGD		
- strengthened	(596)	-
- weakened	596	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

30. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain at least half of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from current and non-current variable-rate borrowings.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 0.5% (2010: 0.5%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by \$77,000 (2010: \$54,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

The Group has no significant concentration of credit risk due to the nature of its business and diversified customer base mainly comprising of individuals. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. It manages credit risk on customer receivables through the application of a credit scoring system and vigilant follow-up of debtors. The Company has no credit risk other than an amount due from a subsidiary.

As the Group does not hold any 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 balance sheet.

The Group's major classes of financial assets are bank deposits and trade receivables.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

30. Financial risk management (continued)

(b) Credit risk (continued)

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

	The Group	
	2011 \$'000	2010 \$'000
<u>By geographical areas</u>		
Singapore	117,649	121,786
Malaysia	208,753	180,482
	<u>326,402</u>	<u>302,268</u>

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

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

During the financial year, the Group's trade receivables amounting to \$151,000 (2010: \$488,000) would have been past due or impaired if the terms were not re-negotiated during the financial year.

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

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

The age analysis of trade receivables past due and/or impaired is as follows:

	The Group	
	2011 \$'000	2010 \$'000
Past due 0 to 6 months	50,336	45,763
Past due 6 to 12 months	5,606	5,621
	<u>55,942</u>	<u>51,384</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

30. Financial risk management (continued)

(b) Credit risk (continued)

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

The movement in the allowance for impairment is as follows:

	The Group	
	2011 \$'000	2010 \$'000
Balance at 1 April 2010/1 April 2009	30,083	36,663
Allowance made	10,723	21,825
Allowance utilised	(17,073)	(29,104)
Currency translation differences	(615)	699
Balance at 31 March 2011/2010	23,118	30,083

The impaired trade receivables arise mainly from sales to individuals who subsequently were unable to pay or were slow in their payments.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000
Group		
At 31 March 2011		
Trade and other payables	124,406	37
Borrowings	48,187	99,612
	172,592	99,649
At 31 March 2010		
Trade and other payables	111,139	94
Borrowings	49,403	76,722
	160,542	76,816

The Group manages the liquidity risk by maintaining sufficient cash to enable it to meet its normal operating commitments, and having an adequate amount of committed credit facilities (Note 23). The Company's liquidity risk is managed by its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

30. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in Notes 22 and 23 and equity which comprises share capital (Note 25), retained profits and reserves (Note 26).

The gearing ratio is calculated as borrowings divided by total capital. Total capital is calculated as equity plus borrowings.

	The Group	
	2011	2010
	\$'000	\$'000
Borrowings	141,822	107,501
Total equity	233,855	247,577
Total capital	375,677	355,078
Gearing ratio	37.8%	30.3%

The Group and Company are in compliance with all externally imposed capital requirements.

(e) Fair value measurements

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level 2); and
- (b) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

30. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the assets and liabilities measured at fair value at 31 March 2011.

The Group	Level 2 \$'000
2011	
Assets	
Derivative financial instruments	<u>953</u>
2010	
Assets	
Derivative financial instruments	<u>1,200</u>

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The fair value of interest rate swaps and interest rate caps are determined using quoted market values provided by the Group's bankers. These instruments are included in Level 2.

31. Immediate and ultimate holding corporations

The immediate holding corporation is Singapore Retail Group Limited, incorporated in Mauritius and the ultimate holding corporation is Asia Retail Group Limited, incorporated in Isle of Man.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

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

	2011	2010
	\$'000	\$'000
Royalties paid/payable to ultimate holding corporation	-	1,610

Outstanding balances with related parties as at 31 March 2011 are disclosed in Note 22.

(b) Key management personnel compensation

The composition of the key management personnel compensation is as follows:

	The Group	
	2011	2010
	\$'000	\$'000
Salaries and other short-term employee benefits	5,132	3,286
Employer's contributions to defined contribution plans	199	137
Less: Government Grant - Jobs Credit Scheme	-	5
Other staff related costs	40	190
	5,371	3,618

Total compensation to the directors of the Company amounting to \$2,470,000 (2010: \$1,644,000) is included in the key management personnel compensation above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

33. Segment information

Management has determined the operating segments based on the reports reviewed by the Regional Executive Committee ("Exco") which are used to make strategic decisions. The Exco comprises the Regional Chief Executive Officer, the Regional Chief Financial Officer, and the regional heads of each business.

The Exco considers the business from a geographic segment perspective. Management manages and monitors the business in the two primary geographic areas Singapore and Malaysia. Operations in Singapore and Malaysia are essentially similar and consist principally of the retailing of household furniture, furnishings, home appliances and information technology products. The Group's discontinued operations relate to its operations in Indonesia and Thailand.

Sales revenue is based on the country in which the customers are located. Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and exclude deferred tax assets and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment information provided to the Exco for the financial year ended 31 March 2011 is as follows:

	Singapore \$'000	Malaysia \$'000	Total for continuing operations \$'000
Year ended 31 March 2011			
Sales:			
- External sales	453,958	220,165	674,123
Segment results	22,525	14,514	37,039
Other income			3,561
Finance expense			(10,874)
Profit/(loss) before income tax			29,726
Income tax credit			2,519
Total profit			32,245
Other segment items			
Depreciation and amortisation	4,509	2,503	7,012
Amortisation of deferred income	(1,130)	(875)	(2,005)

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

33. Segment information (continued)

	Singapore \$'000	Malaysia \$'000	Elimination \$'000	Total for consolidated \$'000
At 31 March 2011				
Segment assets	265,270	255,109	(30,064)	490,315
Unallocated assets				19,792
Total consolidated assets				510,107
Segment assets includes:				
Additions to:				
- property, plant and equipment	4,126	3,481	-	7,607
- intangible assets	710	42	-	752
Segment liabilities	102,328	58,445	(30,091)	130,682
Unallocated liabilities				145,570
Total consolidated liabilities				276,252

The segment information provided to the Exco for the financial year ended 31 March 2010 is as follows:

	Singapore \$'000	Malaysia \$'000	Total for continuing operations \$'000	Total for discontinued operations \$'000
Year ended 31 March 2010				
Sales:				
- External sales	386,691	191,164	579,855	6,831
Segment results	23,958	(2,874)	21,082	(2,746)
Other income			4,016	440
Finance expense			(7,055)	(635)
Profit/(loss) before income tax			18,043	(2,941)
Income tax credit			100	-
Total profit			18,143	(2,941)
Other segment items				
Depreciation and amortisation	6,195	2,399	8,584	46
Amortisation of deferred income	(1,891)	(555)	(2,446)	-

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2011

33. Segment information (continued)

	Singapore \$'000	Malaysia \$'000	Elimination \$'000	Total for consolidated \$'000
At 31 March 2010				
Segment assets	233,335	227,507	(9,970)	450,872
Unallocated assets				24,589
Total consolidated assets				475,461
Segment assets includes:				
Additions to:				
- property, plant and equipment	960	1,083	-	2,043
- intangible assets	458	10	-	468
Segment liabilities	69,881	56,551	(9,969)	116,463
Unallocated liabilities				111,421
Total consolidated liabilities				227,884

Revenue from major products

Revenue from sales of major products to external customers is derived mainly from the sale of furniture, electrical and IT products. Food and beverage and warranty are included in "Other". Breakdown of the revenue is as follows:

	2011 \$'000	2010 \$'000
<u>Sale of goods for continuing operations</u>		
Furniture	114,184	90,667
Electrical	249,714	217,971
IT Products	171,507	131,936
Other	35,123	32,902
	570,528	473,476

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

33. Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

For reporting to the Exco, total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets other than deferred income tax assets and fixed deposits, are allocated to reportable segments.

	2011	2010
	\$'000	\$'000
Segment assets for reportable segments	490,315	450,872
Unallocated:		
- Deferred income tax assets	3,735	866
- Fixed deposits	15,428	23,723
- Current income tax recoverable	629	-
	510,107	475,461

Reportable segments' liabilities are reconciled to total liabilities as follows:

For reporting to the Exco, total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities other than current income tax liabilities, borrowings and deferred tax liabilities, are allocated to the reportable segments.

	2011	2010
	\$'000	\$'000
Segment liabilities for reportable segments	130,682	116,463
Unallocated:		
- Current income tax liabilities	3,748	92
- Deferred tax liabilities	-	3,828
- Borrowings	141,822	107,501
	276,252	227,884

The Group's activities consist entirely of retailing. There is only one business segment.

Revenues derived from all external customers are individually less than \$50,000 for the year ended 31 March 2011 and 31 March 2010.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

34. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2011 or later periods and which the Group has not early adopted. The Group does not expect the adoption of these accounting standards or interpretations to have a material impact on the Group's financial statements.

35. List of significant companies in the Group

<u>Name of Company</u>	<u>Principal activities</u>	<u>Country of incorporation and place Of business</u>	<u>As at 31 March</u> <u>Effective equity</u> <u>interest</u>	
			<u>2011</u> <u>%</u>	<u>2010</u> <u>%</u>
<u>Held directly by the Company</u>				
Courts (Singapore) Pte Ltd	Retail of household furniture, furnishings, home appliances and information technology products	Singapore	100	100
Courts (Malaysia) Sdn Bhd	Retail of household furniture, furnishings, home appliances and information technology products	Malaysia	100	100

36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Courts Asia Pte. Ltd. on

29 DEC 2011

**APPENDIX C — INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COURTS ASIA
PTE. LTD. AND THE CONSOLIDATED FINANCIAL STATEMENTS OF COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

(Incorporated in Singapore, Registration Number: 201001347K)

CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2012

The directors present their report to the shareholder together with the audited financial statements of the Group for the financial year ended 31 March 2012 and the balance sheet of the Company as at 31 March 2012.

Directors

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

Jack Hennessy	
Nicholas Macksey	(appointed on 31 May 2012)
Terence Donald O'Connor	
Adnan Abdul Aziz Albahar	(appointed on 17 January 2012)
Kee Kim Eng	

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, share options 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.

Directors' contractual benefits

No director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and this report, and except that Mr Jack Hennessy has an employment relationship with one of the shareholders of the ultimate holding corporation, and has received remuneration in that capacity.

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 March 2012

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its related corporations.

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

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors


NICHOLAS MACKSEY
Director

28 June 2012


KEE KIM ENG
Director

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2012

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 5 to 63 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors


NICHOLAS MACKSEY
Director


KEE KIM ENG
Director

28 June 2012

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COURTS ASIA PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Courts Asia Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 5 to 63, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

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



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 28 June 2012

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
Revenue	5	724,151	674,123
Cost of sales		(492,248)	(469,113)
Gross profit		231,903	205,010
Other income and other gains - net	5	5,525	3,561
Expenses			
- Distribution and marketing		(58,810)	(59,678)
- Administrative		(116,081)	(108,293)
- Finance	8	(14,440)	(10,874)
		(189,331)	(178,845)
Profit before income tax		48,097	29,726
Income tax (expense)/credit	9	(8,704)	2,519
Total profit		39,393	32,245
Earnings per share for results attributable to the equity holder of the Company (cents per share)			
- Basic and diluted	11	19.70	16.12

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
Total profit		39,393	32,245
Other comprehensive expense:			
Currency translation differences	24	(2,225)	(4,580)
Total comprehensive income		37,168	27,665

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

BALANCE SHEETS
As at 31 March 2012

		The Group		The Company	
	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
ASSETS					
Current assets					
Cash and bank balances	12	59,174	57,857	524	1,129
Trade and other receivables	13(a)	182,972	169,959	2,479	1,325
Inventories	14	66,611	59,729	-	-
Current income tax recoverable	9	-	629	-	-
		<u>308,757</u>	<u>288,174</u>	<u>3,003</u>	<u>2,454</u>
Non-current assets classified as held for sale					
	10	-	1,746	-	-
		<u>308,757</u>	<u>289,920</u>	<u>3,003</u>	<u>2,454</u>
Non-current assets					
Derivative financial instruments	15	305	953	-	-
Trade and other receivables	13(b)	208,504	178,842	-	-
Investment in subsidiaries	16	-	-	201,064	201,064
Property, plant and equipment	17	16,293	15,052	-	-
Intangible assets	18	23,149	21,605	20,065	20,065
Deferred income tax assets	19	4,688	3,735	-	-
		<u>252,939</u>	<u>220,187</u>	<u>221,129</u>	<u>221,129</u>
Total assets		<u>561,696</u>	<u>510,107</u>	<u>224,132</u>	<u>223,583</u>
LIABILITIES					
Current liabilities					
Trade and other payables	20(a)	126,976	124,405	343	65
Current income tax liabilities	9	4,796	3,748	1,063	-
Borrowings	21	66,499	42,997	-	-
Deferred income		3,207	2,295	-	-
		<u>201,478</u>	<u>173,445</u>	<u>1,406</u>	<u>65</u>
Non-current liabilities					
Derivative financial instruments	15	492	-	-	-
Trade and other payables	20(b)	177	37	11,614	22,285
Borrowings	21	135,695	98,825	-	-
Deferred income		4,575	3,945	-	-
Deferred income tax liabilities	19	-	-	931	-
		<u>140,939</u>	<u>102,807</u>	<u>12,545</u>	<u>22,285</u>
Total liabilities		<u>342,417</u>	<u>276,252</u>	<u>13,951</u>	<u>22,350</u>
NET ASSETS		<u>219,279</u>	<u>233,855</u>	<u>210,181</u>	<u>201,233</u>
EQUITY					
Share capital	23	221,129	221,129	221,129	221,129
Other reserves	24	(7,659)	(4,614)	(24,320)	(24,320)
Retained profits		5,809	17,340	13,372	4,424
Total equity		<u>219,279</u>	<u>233,855</u>	<u>210,181</u>	<u>201,233</u>

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2012

	Note	Share capital \$'000	Currency translation reserve \$'000	Capital reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 April 2011		221,129	(11,582)	6,968	17,340	233,855
Total comprehensive income for the year		-	(2,225)	-	39,393	37,168
Reclassification to retained profits on disposal of non-current assets classified as held for sale	24	-	-	(820)	820	-
Dividends	25	-	-	-	(51,744)	(51,744)
Balance at 31 March 2012		221,129	(13,807)	6,148	5,809	219,279
Balance at 1 April 2010		221,129	(7,002)	31,288	2,162	247,577
Total comprehensive income for the year		-	(4,580)	-	32,245	27,665
Dividends	25	-	-	-	(17,067)	(17,067)
Distributions	24	-	-	(24,320)	-	(24,320)
Balance at 31 March 2011		221,129	(11,582)	6,968	17,340	233,855

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Total profit		39,393	32,245
Adjustments for:			
- Tax		8,704	(2,519)
- Depreciation and amortisation		7,756	6,993
- Revaluation loss of property, plant and equipment		-	226
- Amortisation of deferred income		(2,829)	(2,005)
- Interest expense		11,778	9,361
- Interest income		(2,334)	(2,449)
- Amortisation of borrowing costs		1,952	1,720
- Gain on disposal of property, plant and equipment		(22)	(130)
- Gain on disposal of non-current assets classified as held for sale		(1,131)	-
- Changes in fair value of derivative financial instruments		1,164	247
- Foreign currency translation differences		(2,061)	(4,362)
Operating cash flow before working capital changes		62,370	39,327
Changes in working capital			
- Inventories		(6,882)	(2,122)
- Trade and other receivables		(43,665)	(23,858)
- Trade and other payables		2,711	13,209
Cash generated from operations		14,534	26,556
Tax paid (net)		(8,009)	(1,183)
Net cash provided by operating activities		6,525	25,373
Cash flows from investing activities			
Additions to property, plant and equipment		(8,638)	(7,401)
Additions to intangible assets		(2,373)	(752)
Increase in contributions from suppliers		4,431	3,310
Incorporation of a subsidiary		-	-
Proceeds from sale of property, plant and equipment		743	73
Proceeds from sale of non-current assets classified as held for sale		2,966	-
Interest received		2,334	2,449
Net cash used in investing activities		(537)	(2,321)
Cash flows from financing activities			
Proceeds from syndicated facilities		-	26,032
Repayment of syndicated facilities		(45,405)	(6,345)
Proceeds from syndicated senior loan		103,740	-
Repayment of finance lease liabilities		(120)	(21)
Proceeds from term loan		11,117	26,955
Repayment of term loan		(9,131)	-
(Repayment of)/proceeds from loan received on asset securitisation		(2,160)	3,928
Repayment of bridging loan		-	(18,154)
(Increase)/decrease in fixed deposits pledged as securities for banking facilities		(2,872)	5,784
Decrease in deposits for asset securitisation		990	501
Interest expense		(11,778)	(9,361)
Distributions		-	(24,320)
Dividends paid		(51,744)	(17,067)
Net cash used in financing activities		(7,363)	(11,068)
Net (decrease)/increase in cash and cash equivalents		(1,375)	11,984
Cash and cash equivalents at beginning of financial year		50,528	38,452
Effects of currency translations on cash and bank balances		(180)	92
Cash and cash equivalents at end of financial year	12	48,973	50,528

*Less than \$1,000

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

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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

1. General information

Courts Asia Pte. Ltd. was incorporated on 18 January 2010 and is domiciled in Singapore. The address of its registered office is 50 Tampines North Drive 2, Singapore 528766.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are set out in Note 33 to the financial statements.

2. Group restructuring

- (i) On 7 June 2007, Asia Retail Group Limited ("ARG") via its wholly-owned subsidiaries, acquired Courts (Singapore) Pte Ltd ("CSL") and Courts (Malaysia) Sdn Bhd ("CMB") and their respective subsidiaries (together referred to as "Courts Group"). On 23 March 2010, Courts Group went through a restructuring. Upon completion of the restructuring on 23 March 2010, the respective subsidiaries of CSL and CMB were disposed of and the Company became the immediate holding company holding 100% of CSL and CMB.

The Restructuring is a business combination of entities under common control since the Company and the Courts Group were controlled by ARG. Accordingly, the Restructuring had been accounted for using merger accounting in accordance with Recommended Accounting Practice 12 Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 ("RAP 12").

The effects of merger accounting under RAP 12 were as follows:

- (i) The assets and liabilities of Courts Group include fair value adjustments and negative goodwill arising from the acquisition of Courts Group by ARG on 7 June 2007. The shares issued by the Company to effect the Restructuring are recorded at a value equal to the deemed cost of acquiring the Courts Group, being the existing book values of the net assets of Courts Group, minus the negative goodwill recognised by ARG at the time of its acquisition of Courts Group.
- (ii) The difference between the share capital issued for the Restructuring and the carrying amount of the net assets of Courts Group was adjusted against the equity. The retained profits of the Courts Group as at 7 June 2007 were recorded as capital reserve account (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Group restructuring (continued)

- (i) All the trademarks licensed for use by CSL and CMB as well as certain other trademarks held by the ultimate holding corporation, ARG were deemed to be an integral part of the business of the Company and therefore were recognised from the date when ARG acquired Courts Group. The valuation of the trademarks was US\$13 million (S\$20,065,000) based on the valuation obtained from an independent valuer at that time. On 30 December 2010, ARG and the Company entered into a trademark transfer agreement whereby the Company agreed to pay a consideration of US\$19 million (S\$24,320,000) based on an independent valuation report as at 30 September 2010 and the consideration was settled by way of a transfer of bank borrowings of \$24,320,000 from ARG to the Company.

Prior to the transfer of the legal title, the trademarks were already carried in the consolidated financial statements at the original valuation of US\$13 million (\$20,065,000) and no adjustment had been made to this carrying amount as a result of the transfer of legal title. In the Company's balance sheet, an adjustment has been made to transfer \$20,065,000 from "Investment in subsidiaries" to "Intangible assets – trademarks" (Note 16 and Note 18).

The net effect of the trademark transfer agreement to the Company was an additional consideration of \$24,320,000 to acquire the legal title to the trademarks and this had been accounted for as a distribution to ARG (Note 24) in the financial year ended 31 March 2011 with no change to the existing carrying amount of the trademarks.

3. Significant accounting policies

3.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of 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 4.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2011

On 1 April 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

3.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods*

Revenue on credit sales and cash sales is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) *Rendering of services*

Service charges on credit sales are recognised over the instalment period on a constant periodic rate of return. The difference between the gross receivables and the present value of the receivables is recognised as unearned service charges.

(c) *Interest income*

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.2 Revenue recognition (continued)

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.3 Group accounting

(a) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Other than the business combination undertaken through the Restructuring as described in Note 2, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group other than common control entities. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any non-controlling interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. They are de-consolidated from the date on which 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 asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.3 Group accounting (continued)

(b) Transactions with non-controlling interests

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

3.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Buildings are initially recognised at cost.

Buildings are subsequently stated at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Fair values of buildings are determined by independent professional valuers on a periodic basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amount arising from revaluation including translation differences are recognised in an asset revaluation reserve, unless they offset previous decreases in the carrying amount of the same asset, in which case, they are credited to profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are charged against the asset revaluation reserve. All other decreases in carrying amounts are charged to profit or loss.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(iii) Components of cost

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

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line or reducing balance method to allocate the depreciable amounts over their estimated useful lives. The basis of depreciation and estimated useful lives are as follows:

	<u>Basis of depreciation</u>	<u>Useful lives</u>
Buildings	Straight-line	45 years
Furniture, fixtures, fittings and equipment	Straight-line	3 - 10 years
Motor vehicles	Reducing balance	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet 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 can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

3.5 Intangible assets

(a) *Goodwill on acquisition*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

(b) *Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

The amortisation period and amortisation method of acquired computer software licences are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.5 Intangible assets (continued)

(c) Acquired trademark

Trademarks acquired in a business combination are initially recognised separately at fair value. The Courts trademarks in Singapore and Malaysia are regarded as having indefinite useful lives, as management is expecting to continue the related business indefinitely and those trademarks are leaders in their markets. Such trademarks are not amortised and are tested for impairment annually (Note 3.8).

3.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to be ready for its intended use.

3.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

3.8 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and its value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.8 Impairment of non-financial assets (continued)

*(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries*

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Intangible assets with indefinite useful life are tested for impairment annually.

For the purpose of impairment testing of these assets, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("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 paragraph 3.4 "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 an 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 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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.9 Bank balances

Trade and other receivables

Bank balances and trade and other receivables are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

Impairment loss is determined based on the review of the current status of the existing receivables and historical collection experience. Since the Group has a diversified customer base with a large number of individuals, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

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.

Trade and other receivables are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

3.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.11 Trade and other payables

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

3.12 Derivative financial instruments

The Group's borrowings expose it to the financial risks of changes in interest rates.

The Group uses derivative financial instruments (interest rate swaps and interest rate caps) to economically hedge its risks associated with interest rate fluctuations relating to certain firm commitments. The Group does not adopt hedge accounting in respect of the derivative financial instruments it has entered into and categorises such derivative financial instruments as derivatives at fair value through profit or loss.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently remeasured at its fair value. Any changes in the fair value are recognised immediately in profit or loss.

3.13 Leases

(a) When the Group is the lessee:

The Group leases retail sites, offices and warehouses under operating leases from non-related parties. The Group also leases certain furniture, fixtures, fittings and equipment under finance leases from non-related parties.

(i) Lessee - Operating leases

Leases of property, plant and equipment 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.

Contingent rents are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.13 Leases (continued)

(a) When the Group is the lessee (continued):

(ii) 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 balance sheet as furniture, fixtures, fittings 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 expense 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.

(b) When the Group is the lessor:

The Group sub-leases retail sites and outlets under operating leases to non-related parties.

Lessor – Operating leases

Leases of sub-lease properties to non-related parties are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.15 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 balance sheet 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 goodwill or 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 asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is measured:

- (i) 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 balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses 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. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings are charged or credited directly to equity in the same period the temporary differences arise.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.16 Provisions

Provision for restructuring costs is 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 can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

3.17 Deferred income

Suppliers' contributions for the purchase of property, plant and equipment are recorded initially as deferred income. Deferred income is then recognised in profit or loss over the periods necessary to match the depreciation of the property, plant and equipment purchased with suppliers' contributions. Upon disposal of these assets, any outstanding amount in deferred income will be recognised in profit or loss.

3.18 Employee compensation

(a) Defined contribution plans

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

(b) Employee leave entitlement

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 balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.18 Employee compensation (continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

3.19 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are offset against the related expenses.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

3.20 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 (the "functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.20 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation 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 balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

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

(c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rate (unless this 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 currency translation reserve.

3.21 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

3. Significant accounting policies (continued)

3.22 Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, 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 balance sheet.

3.23 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.

3.24 Dividends to Company shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3.25 Non-current assets held for sale, disposal groups held for sale and discontinued operations

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

Management reviews its trade receivables for objective evidence of impairment at least quarterly. An allowance for impairment is established when there is objective evidence that the trade receivables have been impaired.

Since the Group has a diversified customer base with a large number of individuals, for purpose of collective evaluation of impairments, receivables are grouped based on similar credit characteristics.

Impairment loss is determined based on the review of current status of the existing receivables and historical collection experience. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Refer to the carrying amount in Note 13.

(b) Impairment of trademarks

Determining whether trademarks are impaired requires either a valuation of the trademarks by professional valuer or an estimate of the value-in-use of the CGUs to which the trademarks have been allocated. Professional valuations and value-in-use calculations require an estimate of future cash flows and a suitable discount rate in order to calculate present value. As the exercise is based on both prospective financial and prospective non-financial information, it requires judgement and is subjective in nature. Accordingly, actual outcome can be different from the forecast since anticipated events frequently do not occur as expected and the variations may be material. A change in any of the key variables underlying the cash flow forecast could have a significant impact on the professional valuation and/or the value-in-use calculation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

4. Critical accounting estimates, assumptions and judgements

(b) Impairment of trademarks (continued)

The recoverable amounts of the trademarks were determined based on its fair value less cost to sell determined by a professional valuer which did not result in the recognition of an impairment loss at 31 March 2011 and 2012. A reasonable change in the estimates used in the valuation will not cause carrying amounts of the trademarks to exceed its recoverable amounts (Note 18).

5. Revenue and other income

	The Group	
	2012 \$'000	2011 \$'000
Sale of goods	604,546	570,528
Service charges	123,515	112,704
Transfer to unearned service charges	(3,910)	(9,109)
Earned service charges	119,605	103,595
Revenue	724,151	674,123
Interest income	2,334	2,449
Service fees receivable from ultimate holding corporation	1,760	-
Other	1,442	1,229
Other income	5,536	3,678
Gain on disposal of property, plant and equipment (net)	22	130
Gain on disposal of non-current assets classified as held for sale	1,131	-
Fair value loss of derivative financial instruments	(1,164)	(247)
Other gains/(losses) - net	(11)	(117)
Other income and other gains/(losses) - net	5,525	3,561

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6. Expenses by nature

	The Group	
	2012	2011
	\$'000	\$'000
Purchases of inventories	444,351	427,762
Changes in inventories	6,882	2,122
Employee compensation (Note 7)	62,086	62,305
Impairment loss on trade receivables (Note 28 (b)(ii))	18,446	10,723
Rental on operating leases	30,144	27,963
Contingent rental on operating leases	5,510	6,319
Advertising	28,930	29,326
Depreciation of property, plant and equipment (Note 17)	6,929	6,296
Amortisation of intangible assets (Note 18 (a))	827	697
Other	63,034	63,571
Total cost of sales, distribution and marketing, and administrative expenses	667,139	637,084

7. Employee compensation

	The Group	
	2012	2011
	\$'000	\$'000
Wages and salaries	53,319	54,845
Employer's contributions to defined contribution plans	6,227	5,280
Less: Government grant - Jobs Credit Scheme	-	(107)
Other benefits	2,540	2,287
	62,086	62,305

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive depends on the fulfilment of certain conditions under the scheme. The Scheme ended with a final payment in June 2010.

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

8. Finance expense

	The Group	
	2012	2011
	\$'000	\$'000
Interest expense:		
- bank borrowings	11,762	9,356
- amortisation of borrowing cost	1,952	1,720
- finance lease liabilities	16	5
Currency translation loss/(gain) - net	710	(207)
	14,440	10,874

9. Income tax

(a) Income tax expense/(credit)

	The Group	
	2012	2011
	\$'000	\$'000
Tax expense/(credit) attributable to profit is made up of:		
Current income tax		
- Singapore	5,390	3,788
- Foreign	2,733	1,487
	8,123	5,275
Deferred income tax		
- Singapore	1,042	(5,076)
- Foreign	(757)	(1,500)
	285	(6,576)
	8,408	(1,301)
Under/(over) provision in prior financial years:		
Current income tax		
- Singapore	6	(1,139)
- Foreign	1,545	65
	1,551	(1,074)
Deferred income tax		
- Singapore	(10)	(144)
- Foreign	(1,245)	-
	(1,255)	(144)
	8,704	(2,519)

**COURTS ASIA PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS
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9. Income tax (continued)

(a) Income tax expense/(credit) (continued)

The tax expense on results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2012 \$'000	2011 \$'000
Profit before income tax	48,097	29,726
Tax calculated at a tax rate of 17% (2011: 17%)	8,176	5,053
Effect of:		
- Different tax rate in other countries	635	924
- Expenses not deductible for tax purposes	892	942
- Income not subject to tax	(363)	(63)
- Recognition of cost of trademarks as allowable expenses for tax purposes	-	(3,828)
- Productivity and innovation tax incentives	(436)	(680)
- Utilisation of previously unrecognised deferred tax assets	(496)	(3,649)
Tax charge	8,408	(1,301)

In 2011, the Group had unrecognised tax losses of \$2,918,000 which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses had no expiry dates.

(b) Movement in current income tax liabilities

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Beginning of financial year	3,119	92	-	-
Income tax paid	(8,009)	(1,183)	(513)	-
Tax expense on current year's profit	8,123	5,275	1,576	-
Under/(over) provision in prior financial years	1,551	(1,074)	-	-
Currency translation differences	12	9	-	-
	4,796	3,119	1,063	-

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For the financial year ended 31 March 2012

9. Income tax (continued)

(b) Movement in current income tax liabilities (continued)

The current income tax account comprises the following:

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current income tax recoverable	-	(629)	-	-
Current income tax liabilities	4,796	3,748	1,063	-
	4,796	3,119	1,063	-

10. Non-current assets classified as held for sale

As at 31 March 2011, certain property, plant and equipment and prepaid land lease with a carrying amount of \$1,746,000 held by Courts (Malaysia) Sdn Bhd ("CMB") that was expected to be recovered primarily through sale rather than continuing use was classified as non-current assets held for sale. The assets classified as held for sale were fully disposed of during the financial year ended 31 March 2012.

Details of the assets in non-current assets which were classified as held for sale and disposed of during the financial year ended 31 March 2012 are as follows:

	The Group
	\$'000
<u>Carrying amounts of non-current assets classified as held-for-sale disposed of</u>	
Property, plant and equipment, net (Note 17)	934
Prepaid land lease payment	812
	1,746
Foreign currency translation gain	89
Gain on disposal (Note 5)	1,131
Cash inflow from disposal	2,966

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11. Earnings per share

Basic earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2012	2011
Net earnings attributable to equity holders of the Company (\$'000)	39,393	32,245
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	200,000	200,000
Basic and diluted earnings per share (cents)	19.70	16.12

12. Cash and bank balances

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	50,891	42,429	524	1,129
Fixed deposits with financial institutions	8,283	15,428	-	-
	59,174	57,857	524	1,129

At balance sheet date, cash and bank balances of the Group amounting to \$32,270,000 (2011: \$39,245,000) were subject to a fixed charge as security against bank borrowings by a subsidiary (Note 21) and the ultimate holding corporation (Note 27). Notwithstanding the fixed charge, the lenders have not placed any restrictions on the use of the cash and bank balances subject to the fixed charge.

At balance sheet date, cash and bank balances of the Company amounting to \$524,000 (2011: \$1,129,000) were subject to a fixed charge as security for guarantee by the Company for bank borrowings by the ultimate holding corporation (Note 27). Notwithstanding the fixed charge, the lenders have not placed any restrictions on the use of the cash and bank balances subject to the fixed charge.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

12. Cash and bank balances (continued)

Fixed deposits at the balance sheet date have a maturity of up to 3 months (2011: 1 month), and the interest rate ranges are as follows:

The Group	
	2012
	\$'000
	2011
	\$'000
Singapore Dollar	0.09%
Malaysia Ringgit	1.40 - 2.50%
	0.10%
	1.40 - 2.19%

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

The Group	
	2012
	\$'000
	2011
	\$'000
Cash and bank balances (as above)	59,174
Less: Deposits placed as security for certain bank borrowings and performance guarantees	(10,201)
Cash and cash equivalents per consolidated statement of cash flows	48,973
	57,857
	(7,329)
	50,528

13. Trade and other receivables

(a) Current

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Non-related parties (including unearned service charges)	212,543	195,005	-	-
Less: Unearned service charges	(41,945)	(34,596)	-	-
	170,598	160,409	-	-
Less: Allowance for impairment of receivables	(13,259)	(12,849)	-	-
Trade receivables - net	157,339	147,560	-	-
Non-trade receivables:				
- Subsidiary	-	-	713	1,325
- Ultimate holding corporation	4,608	-	1,760	-
- Other receivables	2,384	1,695	-	-
	6,992	1,695	2,473	1,325
Rental and other deposits	6,002	7,217	-	-
Prepayments	1,814	1,472	6	-
Deposits for asset securitisation	11,025	12,015	-	-
	182,972	169,959	2,479	1,325

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

13. Trade and other receivables (continued)

(a) Current (continued)

Non-trade receivables from ultimate holding corporation and subsidiary are unsecured, interest-free and repayable on demand.

Deposits for asset securitisation are placed into a bank account with Assetrust Pte Ltd (the "Buyer") under the asset securitisation programme Note 13(c).

(b) Non-current

	The Group	
	2012	2011
	\$'000	\$'000
Trade receivables:		
- Non-related parties (including unearned service charges)	245,316	214,900
Less: Unearned service charges	(26,050)	(25,789)
	219,266	189,111
Less: Allowance for impairment of trade receivables	(10,762)	(10,269)
	208,504	178,842

Non-current trade receivables are due within five years from the balance sheet date.

- (c) Trade receivables including unearned service charges of a subsidiary, CSL amounting to \$157,229,000 (2011: \$143,269,000) have been sold to Assetrust Pte Ltd (the "Buyer") under an asset securitisation programme (the "programme"). The sale does not meet the asset derecognition criteria laid out in FRS 39 – Financial Instruments: Recognition and Measurement. Accordingly, the receivables continue to be recorded in the Group's balance sheet.

The corresponding cash received on sale of these receivables is recorded as borrowings (Note 21).

- (d) Trade receivables including unearned service charges of a subsidiary, CMB amounting to \$300,630,000 (2011: Nil) have been sold to a subsidiary, a special purpose vehicle incorporated to purchase the receivables. The title, rights and benefits relating to the receivables are subsequently assigned to financial institutions as security for a syndicated senior loan (Note 21(a)(iv)). The sale does not meet the asset derecognition criteria laid out in FRS 39 – Financial Instruments: Recognition and Measurement. Accordingly, the receivables continue to be recorded in the Group's balance sheet.

The corresponding cash received on sale of these receivables is recorded as borrowings (Note 21).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

14. Inventories

	The Group	
	2012	2011
	\$'000	\$'000
Electrical and home appliances	36,916	36,642
Information technology products	21,957	15,738
Furniture and furnishings	7,738	7,263
Other	-	86
	66,611	59,729

15. Derivative financial instruments

The Group entered into these derivative instrument contracts to partially hedge the interest rate risk that arises from its borrowings.

The notional principal amounts and the fair values of the Group's outstanding derivative financial instruments at the balance sheet date are as follows:

		<u>Fair value</u>	
	<u>Contract notional amount</u>	<u>Asset</u>	<u>Liability</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
The Group			
2012			
Interest rate swaps	162,930	298	(492)
Interest rate caps	45,500	7	-
	208,430	305	(492)
2011			
Interest rate swaps	54,500	826	-
Interest rate caps	45,500	127	-
	100,000	953	-

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16. Investment in subsidiaries

	The Company	
	2012 \$'000	2011 \$'000
Beginning of financial year	201,064	221,129
Additions	*	-
Transfer to intangible assets - trademark (Note 2 and 18(b))	-	(20,065)
End of financial year	<u>201,064</u>	<u>201,064</u>

* Less than \$1,000

Details of significant subsidiaries are set out in Note 33.

17. Property, plant and equipment

	Buildings \$'000	Furniture, fixtures, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
The Group				
<i>Cost</i>				
Beginning of financial year	-	55,221	347	55,568
Additions	-	9,017	-	9,017
Disposals	-	(3,413)	(167)	(3,580)
Currency translation differences	-	(365)	(5)	(370)
End of financial year	-	<u>60,460</u>	<u>175</u>	<u>60,635</u>
<i>Accumulated depreciation</i>				
Beginning of financial year	-	40,183	333	40,516
Depreciation charge	-	6,925	4	6,929
Disposals	-	(2,697)	(162)	(2,859)
Currency translation differences	-	(239)	(5)	(244)
End of financial year	-	<u>44,172</u>	<u>170</u>	<u>44,342</u>
Net book value				
At 31 March 2012	-	<u>16,288</u>	<u>5</u>	<u>16,293</u>

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17. Property, plant and equipment (continued)

	<u>Buildings</u>	<u>Furniture, fixtures, fittings and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
The Group				
<i>Cost</i>				
Beginning of financial year	1,492	52,739	734	54,965
Additions	-	7,607	-	7,607
Disposals	-	(4,462)	(372)	(4,834)
Revaluation loss	(506)	-	-	(506)
Reclassified to disposal groups	(958)	-	-	(958)
Currency translation differences	(28)	(663)	(15)	(706)
End of financial year	-	55,221	347	55,568
<i>Accumulated depreciation</i>				
Beginning of financial year	281	38,664	685	39,630
Depreciation charge	24	6,261	11	6,296
Revaluation loss	(280)	-	-	(280)
Disposals	-	(4,317)	(349)	(4,666)
Reclassified to disposal groups	(24)	-	-	(24)
Currency translation differences	(1)	(425)	(14)	(440)
End of financial year	-	40,183	333	40,516
Net book value				
At 31 March 2011	-	15,038	14	15,052

- (a) Included in additions in the Group's property, plant and equipment, are furniture, fixture and fittings acquired under finance lease of \$379,000 (2011: \$206,000). The carrying amount of furniture, fixtures and fittings under finance leases are \$445,000 (2011: \$189,000) at the balance sheet date.
- (b) Property, plant and equipment with a net book value of \$9,151,000 (2011: \$8,634,000) is subject to a fixed charge as security for the syndicated senior loan and facilities to a subsidiary (Note 21).
- (c) Property, plant and equipment with a net book value of \$7,142,000 (2011: \$6,418,000) is subject to a fixed charge as security for bank borrowings by a subsidiary (Note 21) and ultimate holding corporation (Note 27).

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For the financial year ended 31 March 2012

18. Intangible assets

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Composition:				
Computer software licence (Note (a))	3,084	1,540	-	-
Trademarks (Note (b))	20,065	20,065	20,065	20,065
Net book value	23,149	21,605	20,065	20,065

	The Group	
	2012	2011
	\$'000	\$'000
(a) <i>Computer software licences</i>		
Beginning of financial year	1,540	1,489
Additions	2,373	752
Amortisation (Note 6)	(827)	(697)
Currency translation differences	(2)	(4)
End of financial year	3,084	1,540
Cost	9,930	7,557
Accumulated amortisation	(6,840)	(6,013)
Currency translation differences	(6)	(4)
Net book value	3,084	1,540

(b) *Trademarks*

	The Group and Company	
	2012	2011
	\$'000	\$'000
Beginning of financial year	20,065	-
Transfer from investment in subsidiaries (Note 16)	-	20,065
End of financial year	20,065	20,065

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18. Intangible assets (continued)

As part of the accounting for business combination, all the trademarks licensed for use by subsidiaries, Courts (Singapore) Pte Ltd and Courts (Malaysia) Sdn Bhd ("Courts Group"), as well as certain trademarks held by the ultimate holding corporation, Asia Retail Group Limited ("ARG"), are deemed to be an integral part of the Company and therefore are recognised from the date ARG acquired Courts Group. Based on the valuation obtained from an independent valuer at that time, the valuation of the mentioned trademarks was US\$13 million (S\$20,065,000).

Trademarks are allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the trademarks is as follows:

	2012	2011
	\$'000	\$'000
Singapore	14,857	14,857
Malaysia	5,208	5,208
	20,065	20,065

The recoverable amount of a CGU was determined based on fair value less cost to sell using a royalty relief valuation method. Royalty relief valuation method is based on the assumption that if the Company did not own its trademarks, it would need to license them from another entity that did. In doing so, a royalty rate charge would be made based on turnover. Cash flow projections in the calculations cover a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates.

Key assumptions used:

	2012		2011	
	Singapore	Malaysia	Singapore	Malaysia
Royalty rate ¹	0.5%	0.4%	0.5%	0.4%
Discount rate ²	16%	19%	15%	17%

¹ Based on market royalty rate.

² Post-tax discount rate applied to the post-tax cashflow projection.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

19. 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 after appropriate offsetting, are shown on the balance sheets as follows:

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets:				
- to be recovered after one year	(4,688)	(3,735)	-	-

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Deferred income tax liabilities:				
- to be settled after one year	-	-	931	-

The movements in the deferred income tax liabilities/(assets) are as follows:

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	(3,735)	2,962	-	-
Charged/(credited) to profit or loss	285	(6,576)	827	-
(Over)/under provision in prior financial years	(1,255)	(144)	104	-
Currency translation differences	17	23	-	-
End of financial year	(4,688)	(3,735)	931	-

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19. Deferred income taxes (continued)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

Deferred income tax (assets)/liabilities

	<u>Allowances</u>	<u>Accelerated tax depreciation</u>	<u>Trademarks</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
The Group				
2012				
Beginning of financial year	(4,885)	1,150	-	(3,735)
(Credited)/charged to profit or loss	(364)	(178)	827	285
Overprovision in prior financial years	(1,358)	(1)	104	(1,255)
Currency translation difference	31	(14)	-	17
End of financial year	(6,576)	957	931	(4,688)
2011				
Beginning of financial year	(1,251)	385	3,828	2,962
(Credited)/charged to profit or loss	(3,671)	923	(3,828)	(6,576)
Overprovision in prior financial years	-	(144)	-	(144)
Currency translation difference	37	(14)	-	23
End of financial year	(4,885)	1,150	-	(3,735)

Following the transfer of the trademarks on 30 December 2010 from its ultimate holding corporation (Note 2), a reversal of deferred income tax liabilities of \$3,828,000 on the trademarks previously recognised before the transfer was made on the basis that the tax allowance claim on the trademarks was probable.

Deferred income tax liabilities

	<u>Trademarks</u>
	<u>\$'000</u>
The Company	
2012	
Beginning of financial year	-
Charged to profit or loss	827
Underprovision in prior financial years	104
End of financial year	931
2011	
Beginning and end of financial year	-

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For the financial year ended 31 March 2012

20. Trade and other payables

(a) Current

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade payables (non-related parties)	79,370	75,704	-	-
Deposits from customers	6,188	5,129	-	-
Other payable to ultimate holding corporation	-	4,881	-	-
Accrual for operating expenses	24,150	22,916	343	65
Other creditors	17,268	15,775	-	-
	<u>126,976</u>	<u>124,405</u>	<u>343</u>	<u>65</u>

Other payable to ultimate holding corporation was unsecured, interest-free and repayable on demand.

(b) Non-current

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Loan from a subsidiary	-	-	11,614	22,285
Other payable	177	37	-	-
	<u>177</u>	<u>37</u>	<u>11,614</u>	<u>22,285</u>

Loan from a subsidiary is unsecured and no repayment is expected in the next twelve months. Interest is payable at 8% per annum. The loan is denominated in United States Dollar.

21. Borrowings

	The Group	
	2012 \$'000	2011 \$'000
<u>Current</u>		
Borrowings on asset securitisation (Note 21(a)(i))	56,135	-
Term loan (Note 21(a)(ii))	10,168	9,124
Syndicated facilities (Note 21(a)(iii))	-	33,808
Finance lease liabilities (Note 22)	196	65
	<u>66,499</u>	<u>42,997</u>

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21. Borrowings

	The Group	
	2012	2011
	\$'000	\$'000
<u>Non-current</u>		
Borrowings on asset securitisation (Note 21(a)(i))	12,934	69,277
Term loan (Note 21(a)(ii))	18,773	17,831
Syndicated facilities (Note 21(a)(iii))	-	11,597
Syndicated senior loan (Note 21(a)(iv))	103,740	-
Finance lease liabilities (Note 22)	248	120
	135,695	98,825

(a) Banking facilities

- (i) On 30 April 2004, a subsidiary, CSL, entered into an agreement ("Asset Securitisation Programme 2004") to sell all of its trade receivables as and when generated to Assettrust Pte Ltd (the "Buyer"), a special purpose vehicle formed to purchase the receivables from the subsidiary. The financing arrangement of the asset securitisation programme involved repackaging these receivables into beneficial interest instruments with priority of repayments: Senior, Seller, Mezzanine and Junior certificates.

The Asset Securitisation Programme 2004 was renewed as the Asset Securitisation Programme 2010 on 22 March 2010 with various modifications. The Asset Securitisation Programme 2010 will expire on 21 March 2013 and has a limit of up to \$100,000,000. The priority of repayments of the beneficial interest instruments have been changed to include: Senior, Sub-Senior, Seller, Mezzanine and Junior certificates. As at 31 March 2012, CSL has retained the Sub-Senior, Seller, Mezzanine and Junior certificates issued by the Buyer which amounted to \$83,342,000 (2011: \$73,392,000) of the trade receivables including unearned service charges (Note 13).

Although the subsidiary does not retain legal ownership of the receivables, the sale of receivables does not result in derecognition under FRS 39 since the subsidiary has retained the risks and rewards of ownership of these receivables to the extent of it holding the Sub-Senior, Seller, Mezzanine and Junior certificates issued by the Buyer.

- (ii) On 5 January 2011, a subsidiary, CSL obtained a term loan amounting to US\$23 million (S\$30,268,000). The term loan is secured over the cash at bank and on hand (Note 12) amounting to \$32,270,000 (2011: \$39,245,000) and property, plant and equipment (Note 17) amounting to \$7,142,000 (2011: \$6,418,000) as at 31 March 2012.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

21. Borrowings (continued)

(a) Banking facilities (continued)

- (iii) The syndicated facilities of up to RM120 million (S\$52 million), with option to increase up to RM150 million (S\$64 million), had an availability period of up to thirty-six months from 8 March 2010, the date of the Agreement.

The syndicated facilities were secured by the following:

- a fixed charge over the designated bank accounts of a subsidiary, CMB and all credit balances in respect thereof;
- a debenture, providing a fixed and floating charge over all the assets of CMB, both present and future; and
- corporate guarantees issued by ARG and MRG.

The syndicated revolving credit loan was fully repaid in the financial year ended 31 March 2012.

- (iv) On 23 February 2012, a subsidiary, CMB entered into a syndicated facility agreement to obtain a syndicated senior loan ("SSL") of up to RM350 million (S\$144 million) in the form of revolving credit for the first 3 years and at the end of Year 3, the SSL then converts to a fully-amortising term loan facility. This is obtained via the securitisation of trade receivables of CMB (Note 13). The available credit limit was RM300 million (S\$123 million) as at balance sheet date.

The SSL is secured by the following:

- a fixed charge over the designated bank accounts of CMB and all credit balances in respect thereof;
- a debenture covering a fixed and floating charge over all the assets of CMB, both present and future
- an assignment over existing and future trade receivables; and
- a corporate guarantee issued by CMB.

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21. Borrowings (continued)

(b) Maturity of borrowings

The borrowings have the following maturity period:

	The Group	
	2012	2011
	\$'000	\$'000
Within one year	66,499	42,997
Later than one year but not later than five years	135,695	98,825
	202,194	141,822

(c) Interest rate risks

The effective interest rates per annum of borrowings at the balance sheet date are as follows:

	The Group	
	2012	2011
	\$'000	\$'000
Borrowings on asset securitisation (Singapore Dollar)	6.93%	6.64%
Term loan (United States Dollar)	6.47%	6.28%
Syndicated facilities (Malaysia Ringgit)	-	9.26%
Syndicated senior loan (Malaysia Ringgit)	5.69%	-
Finance lease liabilities (Malaysia Ringgit)	3.43%	6.12%

The interest rate of the borrowings on asset securitisation programme is fixed at 2.8% (2011: 2.8%) per annum, for an amount up to \$54,500,000 (2011: \$54,500,000) and variable for the balance amounts based upon the rate at which commercial paper is issued under the asset securitisation programme. The variable interest rate of the non-current borrowings is contractually repriced monthly.

A subsidiary, CMB entered into an interest rate swap (Note 15) to hedge the exposure to interest rate risk on its syndicated senior loan borrowings. The interest rate of the syndicated senior loan is fixed at 4% per annum for an amount up to RM265 million (S\$108 million) in exchange for receiving KLIBOR plus a spread on the outstanding principal amount for the syndicated senior loan.

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22. Finance lease liabilities

The Group leases certain furniture, fixtures, fittings and equipment from non-related parties under finance leases.

	The Group	
	2012	2011
	\$'000	\$'000
Minimum lease payments due		
- Not later than one year	211	76
- Between one and five years	255	126
	<u>466</u>	<u>202</u>
Less: Future finance charges	(22)	(17)
Present value of finance lease liabilities	<u>444</u>	<u>185</u>

The present values of finance lease liabilities are analysed as follows:

	The Group	
	2012	2011
	\$'000	\$'000
Not later than one year	196	65
Between one and five years	248	120
	<u>444</u>	<u>185</u>

23. Share capital

On 18 January 2010, the Company was incorporated with the issuance of 1 fully paid ordinary share.

On 23 March 2010, the Company entered into a Share Swap agreement with Singapore Retail Group Limited and Malaysia Retail Group Limited to acquire their entire share capital of CSL and CMB for \$221,129,000 which was satisfied with the issuance of 199,999,999 new fully paid ordinary shares.

	No. of issued share capital '000	Amount of issued share capital \$'000
The Group and Company		
Beginning and end of financial year	<u>200,000</u>	<u>221,129</u>

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NOTES TO THE FINANCIAL STATEMENTS

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24. Other reserves

		The Group		The Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
(a)	Composition:				
	Currency translation reserve	(13,807)	(11,582)	-	-
	Capital reserve	6,148	6,968	(24,320)	(24,320)
		<u>(7,659)</u>	<u>(4,614)</u>	<u>(24,320)</u>	<u>(24,320)</u>
(b)	Movements:				
(i)	Currency translation reserve				
	Beginning of financial year	(11,582)	(7,002)	-	-
	Currency translation	(2,225)	(4,580)	-	-
	End of financial year	<u>(13,807)</u>	<u>(11,582)</u>	<u>-</u>	<u>-</u>
(ii)	Capital reserve				
	Beginning of financial year	6,968	31,288	(24,320)	-
	Distributions to ultimate holding corporation	-	(24,320)	-	(24,320)
	Reclassification to retained profits on disposal of non-current assets classified as held for sale	(1,093)	-	-	-
	Tax on reclassification	273	-	-	-
		<u>(820)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	End of financial year	<u>6,148</u>	<u>6,968</u>	<u>(24,320)</u>	<u>(24,320)</u>

The capital reserve of the Group is distributable and relates to:

- difference between the share capital issued for the Restructuring and the consideration paid by ARG in acquiring CSL and CMB.
- difference between the consideration paid for the acquisition of non-controlling interests and the carrying amount of the non-controlling interests at the point of acquisition.

The capital reserve of the Company relates to the payment made for trademarks transfer (Note 2) as part of the Group restructuring.

Distributions are payments to the ultimate holding corporation in relation to certain expenses charged by the ultimate holding corporation as well as payments for the trademarks (Note 2). These expenses and payments relate to assets which have been recognised on the Group's balance sheet under merger accounting and are therefore viewed as deemed distribution to the ultimate holding corporation.

Distributions and dividends which were paid out of the pre-acquisition profits were deducted from the capital reserve.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

25. Dividends

	The Group	
	2012	2011
	\$'000	\$'000
<i>Ordinary dividends paid:</i>		
Interim exempt dividends of 25.87 cents (2011: 8.53 cents) per share paid in respective financial year	51,744	17,067

26. Commitments

Operating lease commitments

At the balance sheet date, the Group had commitments under non-cancellable operating leases contracted for its stores and staff residential premises. The leases have varying terms, escalation clauses and renewal rights. The Group's lease expenditure charged to profit or loss during the financial year is disclosed in Note 6.

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

	The Group	
	2012	2011
	\$'000	\$'000
Payable within 1 year	32,960	29,264
Payable between 1 and 5 years	55,588	51,368
Payable after 5 years	-	5,212
	88,548	85,844

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

27. Contingent liability

On 27 February 2009, a subsidiary of the Company, CSL, issued a guarantee to a bank in respect of a credit facility granted by the bank to the ultimate holding corporation, ARG (the "credit facility"). In the event that ARG defaults on any debt payments under the credit facility, the bank can call upon the guarantee and request the subsidiary to pay the entire amount outstanding under the credit facility. The guarantee issued is secured by a debenture deed which provides a fixed charge on certain assets of the subsidiary and a floating charge on the rest of the subsidiary's assets excluding fixed deposits and trade receivables that are subject to an asset securitisation programme. In addition, the shares of the Company and of the subsidiaries held directly by the Company are also charged for the credit facility.

The credit facility was revised on 29 December 2010. In addition to the existing security held by the bank (as detailed in the previous paragraph), the Company issued a guarantee to the bank secured by a debenture deed which provides a fixed charge on the assets of the Company.

The outstanding balance, inclusive of accumulated interest owing by ARG to the bank as at 31 March 2012 was \$36,951,000 (US\$29,396,000).

On 27 June 2012, the following deeds of release were executed by the bank, following which the contingent liability ceased:

- i) to release the Company from all its obligations and liabilities as guarantor and obligor of the ARG credit facility;
- ii) to release CSL from all its obligations and liabilities as guarantor and obligor of the ARG credit facility; and
- iii) to release CSL from all its obligations and liabilities under the debenture deed referred to in the first paragraph of this note.

In addition, on 27 June 2012 an amended and restated debenture deed was executed to amend the debenture deed referred to in the second paragraph of this note releasing the Company from any obligations in relation to the ARG credit facility, so that from that date the debenture was in respect of only the term loan of CSL (Note 21(a)(ii)).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

28. Financial risk management

Financial risk factors

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

Risk management is carried out by the executive directors and senior management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

(a) Market risk

(i) *Currency risk*

The Group operates in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar ("USD").

The Group has no significant trading exposure to foreign currency risk other than inter-company balances between its subsidiaries. The Company has no foreign currency translation risk. Customer receivables of the Group are denominated in the functional currency and purchases are predominantly transacted in functional currency of the respective subsidiaries.

Based on the information provided to key management, the Group's currency translation risk exposures relate to the balances denominated in US Dollar.

The Group's currency exposure to USD arises from the term loan (Note 21), amounting to \$28,941,000 (2011: \$26,955,000).

The Company's currency exposure to USD arises from its loan from a subsidiary (Note 20) amounting to \$11,614,000 (2011: \$22,285,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against the Singapore Dollar ("SGD") by 3% (2011: 3%) with all other variables including tax rate being held constant, the effects on the profit after tax will be as follows:

	<u>Increase/(Decrease)</u> <u>Profit after tax</u>	
	2012	2011
	\$'000	\$'000
The Group		
USD against SGD		
- strengthened	(721)	(671)
- weakened	721	671
The Company		
USD against SGD		
- strengthened	(289)	(555)
- weakened	289	555

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets.

The Group's policy is to maintain at least half of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from current and non-current variable-rate borrowings.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore Dollars ("SGD") and Malaysia Ringgit ("MYR"). If the SGD interest rates increase/decrease by 0.14% (2011: 0.30%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by \$52,000 (2011: \$77,000) as a result of higher/lower interest expense on these borrowings. If the MYR interest rates increase/decrease by 1% (2011: Nil) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by \$455,000 (2011: Nil) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

28. Financial risk management (continued)

(b) Credit risk

The Group has no significant concentration of credit risk due to the nature of its business and diversified customer base mainly comprising of individuals. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. It manages credit risk on customer receivables through the application of a credit scoring system and vigilant follow-up of debtors.

As the Group does not hold any 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 balance sheet.

The Group's major classes of financial assets are bank deposits and trade receivables.

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

	The Group	
	2012 \$'000	2011 \$'000
<u>By geographical areas</u>		
Singapore	133,800	117,649
Malaysia	232,043	208,753
	<u>365,843</u>	<u>326,402</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

28. Financial risk management (continued)

(b) Credit risk (continued)

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

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

The age analysis of trade receivables past due and/or impaired is as follows:

	The Group	
	2012	2011
	\$'000	\$'000
Past due 1 to 6 months	63,422	64,461
Past due 6 to 12 months	34,046	26,696
	97,468	91,157

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	The Group	
	2012	2011
	\$'000	\$'000
Gross amount less unearned service charges	97,468	91,157
Less: Allowance for impairment	(24,021)	(23,118)
End of financial year	73,447	68,039

The movement in the allowance for impairment is as follows:

	The Group	
	2012	2011
	\$'000	\$'000
Beginning of financial year	23,118	30,083
Allowance made (Note 6)	18,446	10,723
Allowance utilised	(17,277)	(17,073)
Currency translation differences	(266)	(615)
End of financial year	24,021	23,118

The impaired trade receivables arise mainly from sales to individuals who subsequently were unable to pay or were slow in their payments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

28. Financial risk management (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Total \$'000
<u>The Group</u>			
At 31 March 2012			
Derivative financial instruments – net settled interest rate swap	-	492	492
Trade and other payables	126,976	177	127,153
Borrowings	78,338	169,417	247,755
	<u>205,314</u>	<u>170,086</u>	<u>375,400</u>
At 31 March 2011			
Trade and other payables	124,405	37	124,442
Borrowings	48,187	99,612	147,799
	<u>172,592</u>	<u>99,649</u>	<u>272,241</u>
<u>The Company</u>			
At 31 March 2012			
Trade and other payables	343	11,614	11,957
At 31 March 2011			
Trade and other payables	65	22,285	22,350

The Group manages the liquidity risk by maintaining sufficient cash to enable it to meet its normal operating commitments, and having an adequate amount of committed credit facilities (Note 21).

(d) Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings as disclosed in Notes 21 and equity which comprises share capital (Note 23), retained profits and other reserves (Note 24).

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28. Financial risk management (continued)

(d) Capital risk (continued)

The gearing ratio is calculated as borrowings divided by total capital. Total capital is calculated as equity plus borrowings.

	The Group	
	2012	2011
	\$'000	\$'000
Borrowings	202,194	141,822
Total equity	219,279	233,855
Total capital	421,473	375,677
Gearing ratio	48%	38%

The Group and Company are in compliance with all externally imposed capital requirements.

(e) Fair value measurements

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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
- (c) inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at 31 March 2012.

The Group	Level 2
	\$'000
2012	
Assets	
Derivative financial instruments	305
Liabilities	
Derivative financial instruments	(492)

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

28. Financial risk management (continued)

(e) Fair value measurements (continued)

The Group Level 2
\$'000

2011

Assets

Derivative financial instruments 953

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The fair values of interest rate swaps and interest rate caps are determined using quoted market values provided by the Group's bankers. These instruments are included in Level 2.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets except for the following:

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Loans and receivables	449,036	405,186	2,997	2,454
Financial liabilities at amortised cost	329,347	268,264	11,957	22,350

29. Immediate and ultimate holding corporations

The immediate holding corporation is Singapore Retail Group Limited, incorporated in Mauritius and the ultimate holding corporation is Asia Retail Group Limited, incorporated in the Isle of Man.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

30. 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

Transactions and outstanding balances with related parties are disclosed in Note 5, 13 and 20.

(b) Key management personnel compensation

The composition of the key management personnel compensation is as follows:

	The Group	
	2012	2011
	\$'000	\$'000
Salaries and other short-term employee benefits	6,418	5,172
Employer's contributions to defined contribution plans	201	199
	6,619	5,371

Total compensation to the directors of the Company amounting to \$3,521,000 (2011: \$2,470,000) is included in the key management personnel compensation above.

Included in the key management personnel compensation is a variable bonus amount of \$2,897,000 (2011: \$1,476,000) which is payable to key management personnel based on a certain percentage of the Group's profit after adjustment for certain one-off expenses and tax ("adjusted profit") during the financial year and a change in the adjusted profit from the previous financial year. The actual payout is dependent on the individual's performance and only a certain percentage of the variable bonus will be paid out annually and has been provided for. The remaining balance will be paid out only upon fulfilment of certain conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

31. Segment information

Management has determined the operating segments based on the reports reviewed by the Regional Executive Committee ("Exco") which are used to make strategic decisions. The Exco comprises the Regional Chief Executive Officer, the Regional Chief Financial Officer, and the regional heads of each business.

The Exco considers the business from a geographic segment perspective. Management manages and monitors the business in the two primary geographic areas, Singapore and Malaysia. Operations in Singapore and Malaysia are essentially similar and consist principally of the retailing of household furniture, furnishings, home appliances and information technology products.

Sales revenue is based on the country in which the customers are located.

Segment results are profit before other income, income tax and finance expense.

Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and exclude deferred tax assets and short-term bank deposits.

Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

The segment information provided to the Exco for the reportable segments are as follows:

	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000	<u>Consolidated</u> \$'000
2012			
Sales			
- External sales	488,203	235,948	724,151
Segment results	41,725	15,287	57,012
Other income and other gains - net			5,525
Finance expense			(14,440)
Profit before income tax			48,097
Income tax expense			(8,704)
Total profit			39,393
Other segment items			
Depreciation and amortisation	4,227	3,529	7,756
Amortisation of deferred income	(1,335)	(1,494)	(2,829)

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31. Segment information (continued)

	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000	<u>Elimination</u> \$'000	<u>Consolidated</u> \$'000
2012				
Segment assets	263,823	297,625	(12,723)	548,725
Unallocated assets				13,902
Total consolidated assets				<u>562,627</u>
Segment assets includes:				
Additions to:				
- property, plant and equipment	4,480	4,537	-	9,017
- intangible assets	815	1,558	-	2,373
Segment liabilities	96,501	51,651	(12,725)	135,427
Unallocated liabilities				207,921
Total consolidated liabilities				<u>343,348</u>
	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000		<u>Consolidated</u> \$'000
2011				
Sales				
- External sales	453,958	220,185		674,123
Segment results	22,525	14,514		37,039
Other income and other gains - net				3,561
Finance expense				(10,874)
Profit before income tax				29,726
Income tax credit				2,519
Total profit				<u>32,245</u>
Other segment items				
Depreciation and amortisation	4,509	2,503		7,012
Amortisation of deferred income	(1,130)	(875)		(2,005)

**COURTS ASIA PTE. LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

31. Segment information (continued)

	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000	<u>Elimination</u> \$'000	<u>Consolidated</u> \$'000
2011				
Segment assets	265,270	255,109	(30,064)	490,315
Unallocated assets				19,792
Total consolidated assets				<u>510,107</u>
Segment assets includes:				
Additions to:				
- property, plant and equipment	4,126	3,481	-	7,607
- intangible assets	710	42	-	752
Segment liabilities	102,328	58,445	(30,091)	130,682
Unallocated liabilities				145,570
Total consolidated liabilities				<u>276,252</u>

Revenue from major products

Revenue from sales of major products to external customers is derived mainly from the sale of electrical, IT products and furniture. Food and beverage and warranty are included in "Other". Breakdown of the revenue is as follows:

	2012 \$'000	2011 \$'000
<u>Sale of goods</u>		
Electrical	257,501	249,714
IT Products	195,284	171,507
Furniture	116,775	114,184
Other	34,986	35,123
	<u>604,546</u>	<u>570,528</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

31. Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

For reporting to the Exco, total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets other than deferred income tax assets and fixed deposits are allocated to reportable segments.

	2012	2011
	\$'000	\$'000
Segment assets for reportable segments	548,725	490,315
Unallocated:		
- Deferred income tax assets	5,619	3,735
- Fixed deposits	8,283	15,428
- Current income tax recoverable	-	629
	562,627	510,107

Reportable segments' liabilities are reconciled to total liabilities as follows:

For reporting to the Exco, total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities other than current income tax liabilities, borrowings and deferred tax liabilities, are allocated to the reportable segments.

	2012	2011
	\$'000	\$'000
Segment liabilities for reportable segments	135,427	130,682
Unallocated:		
- Current income tax liabilities	4,796	3,748
- Deferred income tax liabilities	931	-
- Borrowings	202,194	141,822
	343,348	276,252

The Group's activities consist entirely of retailing. There is only one business segment.

Revenues derived from all external customers are individually less than \$50,000 for the year ended 31 March 2012 and 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

32. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2012 or later periods and which the Group has not early adopted. The Group does not expect the adoption of these accounting standards or interpretations to have a material impact on the Group's financial statements.

33. List of significant companies in the Group

<u>Name of Company</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>As at 31 March Effective equity interest</u>	
			2012	2011
			%	%
<u>Held directly by the Company</u>				
⁽¹⁾ Courts (Singapore) Pte Ltd	Retail of household furniture, furnishings, home appliances and information technology products	Singapore	100	100
⁽²⁾ Courts (Malaysia) Sdn Bhd	Retail of household furniture, furnishings, home appliances and information technology products	Malaysia	100	100

(1) Audited by PricewaterhouseCoopers LLP, Singapore

(2) Audited by PricewaterhouseCoopers LLP, Malaysia

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Courts Asia Pte. Ltd. on 28 June 2012.

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**APPENDIX D — REPORTING ACCOUNTANT'S
REPORT ON EXAMINATION OF THE UNAUDITED PRO FORMA
BALANCE SHEET OF COURTS ASIA LIMITED
(Formerly known as Courts Asia Pte. Ltd.)
AS AT 31 MARCH 2012**

The Board of Directors
Courts Asia Limited
50 Tampines North Drive 2
Singapore 528766

Dear Sirs

This Report has been prepared for inclusion in the Prospectus of Courts Asia Limited (formerly known as Courts Asia Pte. Ltd.) (the "Company") in connection with the invitation in respect of the initial public offering of shares and listing on the Singapore Exchange Securities Trading Limited (the "Listing").

We report on the unaudited pro forma balance sheet of the Company and its subsidiary companies (collectively referred to as the unaudited "Group") set out on pages D-2 to D-5 of the Prospectus which have been prepared for illustrative purposes only and based on certain assumptions, after making certain adjustments, to show what the financial position of the Group as at 31 March 2012 would have been if the interim dividends declared as described in Note 2 to the unaudited pro forma balance sheet had occurred on 31 March 2012.

The unaudited pro forma balance sheet of the Group, because of their nature, may not give a true picture of the Group's actual financial position.

The unaudited pro forma balance sheet is the responsibility of the directors. Our responsibility is to express an opinion on the unaudited pro forma balance sheet based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 24: Auditors and Public Offering Documents. Our work, which involved no independent examination of the underlying financial statements, consisted primarily comparing the unaudited pro forma balance sheet to the Group's financial statements of (or where information is not available in the financial statements of these entities to accounting records) considering the evidence supporting the adjustments and discussing the unaudited pro forma balance sheet with the management of the Group.

In our opinion:

- (a) the unaudited pro forma balance sheet as at 31 March 2012 has been properly prepared:
 - (i) in a manner consistent with the accounting policies adopted by the Group;
 - (ii) on the basis set out in Note 3 to the unaudited pro forma balance sheet of the Group;and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma balance sheet is appropriate for the purpose of preparing such unaudited financial information.

Yours faithfully,

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore

Partner-in-charge: Rebekah Khan

COURTS ASIA PTE. LTD.
(Formerly known as Courts Asia Pte. Ltd.)
AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA BALANCE SHEET
As at 31 March 2012

	As at 31 March 2012 S\$'000
ASSETS	
Current assets	
Cash and bank balances	46,592
Trade and other receivables	182,972
Inventories	66,611
Current income tax recoverable	—
	296,175
Non-current assets classified as held for sale	—
	296,175
Non-current assets	
Derivative financial instruments	305
Trade and other receivables	208,504
Investment in subsidiaries	—
Property, plant and equipment	16,293
Intangible assets	23,149
Deferred income tax assets	4,688
	252,939
Total assets	549,114
LIABILITIES	
Current liabilities	
Trade and other payables	126,976
Current income tax liabilities	4,796
Borrowings	66,499
Deferred income	3,207
	201,478
Non-current liabilities	
Derivative financial instruments	492
Trade and other payables	177
Borrowings	135,695
Deferred income	4,575
Deferred income tax liabilities	—
	140,939
Total liabilities	342,417
NET ASSETS	206,697
EQUITY	
Equity attributable to equity holders:	
Share capital	221,129
Other reserves	(7,659)
Retained profits	(6,773)
Total equity	206,697

These accompanying notes form an integral part of these unaudited pro forma balance sheet.

COURTS ASIA LIMITED
(Formerly known as Courts Asia Pte. Ltd.)
AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA BALANCE SHEET

As at 31 March 2012

These notes form an integral part of and should be read in conjunction with the accompanying unaudited pro forma balance sheet.

1. General

The unaudited pro forma balance sheet of Courts Asia Limited (formerly known as Courts Asia Pte. Ltd.) (the “Company”) and its subsidiaries (collectively referred to as the unaudited “Group”) as at 31 March 2012 has been prepared for inclusion in the Prospectus of the Company in connection with the invitation (the “Invitation”) by the Company in respect of the initial public offering of shares and listing on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

2. Interim Dividends Declaration

2.1 Dividends

The Company declared and paid interim dividends of approximately S\$12,582,000 to Singapore Retail Group Limited subsequent to 31 March 2012.

The interim dividends were paid out of the cumulative retained earnings subsequent to the financial year ended 31 March 2012.

3. Basis of preparation

- 3.1 The unaudited pro forma balance sheet has been prepared for illustrative purposes only and based on certain assumptions, after making certain adjustments, to show what the financial position of the Group as at 31 March 2012 would have been if the Interim Dividends Payments had occurred on 31 March 2012.

The unaudited pro forma balance sheet is for illustrative purpose only and because of its nature, it may not give a true picture of the Group’s actual financial position.

The unaudited pro forma balance sheet as at 31 March 2012 is compiled based on the audited financial statements of the Group as at 31 March 2012.

The auditor’s reports on the above financial statements of the Group used in the compilation of the unaudited pro forma balance sheet for the period presented were not subject to any qualification. These financial statements were audited by PricewaterhouseCoopers LLP.

- 3.2 The unaudited pro forma balance sheet has been compiled from the financial statements disclosed above and is based on the accounting policies adopted by the Group, which are consistent with those of the audited financial statements of the Group as at 31 March 2012.

COURTS ASIA LIMITED
(Formerly known as Courts Asia Pte. Ltd.)
AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA BALANCE SHEET

As at 31 March 2012

4. Statement of adjustments

- 4.1 The following adjustments have been made in arriving at the unaudited pro forma balance sheet as at 31 March 2012:

As at 31 March 2012			
	Per audited Balance Sheet	Pro forma Adjustments	Unaudited Pro forma Balance Sheet
	S\$'000	(a) S\$'000	S\$'000
ASSETS			
Current assets			
Cash and bank balances	59,174	(12,582)	46,592
Trade and other receivables	182,972		182,972
Inventories	66,611		66,611
Current income tax recoverable	—		—
	<u>308,757</u>	(12,582)	<u>296,175</u>
Non-current assets classified as held for sale	—		—
	<u>308,757</u>	(12,582)	<u>296,175</u>
Non-current assets			
Derivative financial instruments	305		305
Trade and other receivables	208,504		208,504
Investment in subsidiaries	—		—
Property, plant and equipment	16,293		16,293
Intangible assets	23,149		23,149
Deferred income tax assets	4,688		4,688
	<u>252,939</u>		<u>252,939</u>
Total assets	561,696		549,114
LIABILITIES			
Current liabilities			
Trade and other payables	126,976		126,976
Current income tax liabilities	4,796		4,796
Borrowings	66,499		66,499
Deferred income	3,207		3,207
	<u>201,478</u>		<u>201,478</u>
Non-current liabilities			
Derivative financial instruments	492		492
Trade and other payables	177		177
Borrowings	135,695		135,695
Deferred income	4,575		4,575
Deferred income tax liabilities	—		—
	<u>140,939</u>		<u>140,939</u>
Total liabilities	342,417		342,417
NET ASSETS	219,279		206,697

COURTS ASIA LIMITED
(Formerly known as Courts Asia Pte. Ltd.)
AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA BALANCE SHEET

As at 31 March 2012

4. Statement of adjustments (Continued)

- 4.1 The following adjustments have been made in arriving at the unaudited pro forma balance sheet as at 31 March 2012: (Continued)

	As at 31 March 2012		
	Per audited Balance Sheet	Pro forma Adjustments	Unaudited Pro forma Balance Sheet
	S\$'000	(a) S\$'000	S\$'000
EQUITY			
Share capital	221,129		221,129
Other reserves	(7,659)		(7,659)
Retained profits	5,809	(12,582)	(6,773)
Total equity	219,279	(12,582)	206,697

Note (a) Pro forma adjustments to reflect the declaration and payment of interim dividends subsequent to 31 March 2012 as described in Note 2.1.

5. Authorisation of unaudited pro forma balance sheet

This unaudited pro forma balance sheet were authorised for issue in accordance with a resolution of the Board of Directors of Courts Asia Limited (formerly known as Courts Asia Pte. Ltd.) on 8 October 2012.

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APPENDIX E — LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF OUR DIRECTORS AND THE EXECUTIVE OFFICERS OF OUR GROUP

As at the Latest Practicable Date, the list of present and past directorships of each Director of our Group over the last 5 years (save as disclosed elsewhere in this Prospectus) preceding the date of this Prospectus, is set out below:

Name	Present directorships	Past directorships
Jack Hennessy	Arubutus College of Communication, Arts, Business and Technology Inc Asia Retail Group Limited EduCo International Group BV Cambridge Western Academy Ltd CIC Australia Holdings Pty Ltd Courts (Malaysia) Sdn Bhd Malaysia Retail Group Limited Nord Anglia Education Inc Nord Anglia Education Ltd Nord Anglia Education (UK) Holdings Plc Premier Education (UK) Bidco Ltd Premier Education (UK) Midco Ltd Premier Education Holdings Ltd Singapore Retail Group Limited	MIVF HoldCo Pty Ltd
Terence Donald O'Connor	Assetrust Pte. Ltd Courts Megastore (Thailand) Ltd Courts (Malaysia) Sdn Bhd PT Courts Indonesia Tbk	Seraya Energy Pte Ltd
Adnan Abdulaziz Ahmed AlBahar	Bayt Al Mal Holding Courts (Malaysia) Sdn Bhd Fleetcorp Turkey PROCCO Financial Services	None
Kee Kim Eng ¹	Assetrust Pte. Ltd	Courts Megastore (Thailand) Ltd
Chey Chor Wai	Chan Wan Chun Pte. Ltd. Chia See Kiong Pte. Ltd. Isetan (Singapore) Limited Religare Health Trust Trustee Manager Pte. Ltd.	Courts Asia Pte. Ltd. Fresh Focus Limited Hong Lam Marine Pte. Ltd.
Kewee Kho	Lee Metal Group Ltd Roadhouse Ventures Pte. Ltd.	Bloomington Investments Pte. Ltd. Great Tea Enterprises Pte Ltd Irivs Enterprise Private Limited Monster Media Pte. Ltd. Tstarr Corporation Pte. Ltd.

Note:

- (1) Ms Kee Kim Eng is also the sole proprietor of Bailey and Bailey Partnership, IQ New Technology Store from Courts, Cargo Make Yourself at Home and Courts Megastore which are registered on behalf of our Group. These sole proprietorships are dormant and will be de-registered.

As at the Latest Practicable Date, the list of present and past directorships of each Executive Officer of our Company (who are not also Directors) over the last 5 years preceding the date of this Prospectus (excluding those held in our Group), is set out below:

Name	Present directorships	Past directorships
James Edward Friel	None	None
Bo Frausing Christensen	MindWorks Leadership Development Private Limited	Blue Door Pte. Ltd. MindWorks Human Capital Solutions Pte. Ltd. MindWorks Operations Excellence Pte. Ltd. Butikwine Asia Pte. Ltd. (now known as Butiksteel Asia Pte. Ltd.)
Timothy James Luce	Retracomp Pty Ltd Carisbrooke Properties Pty Ltd	None
Chan Yuen Kiong	None	None

APPENDIX F — DETAILS OF THE KEY PROPERTY INTERESTS AND KEY INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

KEY PROPERTY INTERESTS OF OUR GROUP

Details of the key property interests of our Group are as set out in the table below:

Key property interests of our Group in Singapore

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
NTUC Income Insurance Cooperative Limited	Block 730 Ang Mo Kio Ave 6, #01-4272, Singapore 560730	1,411 sq. m.	2012	Retail store
NTUC Income Insurance Cooperative Limited	Block 730 Ang Mo Kio Ave 6, #02-4272, Singapore 560730	1,850 sq. m.	2012	Retail store
HSBC International Trust Services (Singapore) Limited, as trustee of Ascendas Real Estate Investment Trust	50 Tampines North Drive 2, Courts Megastore, Singapore 528766	Land: 20,832 sq. m. Building: 27,848 sq. m.	2017	Retail store
HSBC International Trust Services (Singapore) Limited, as trustee of CapitaMall Trust	4 Tampines Central 5, Tampines Mall #03-25, Singapore 529510	10,761.96 sq. ft.	2013	Retail store
Housing and Development Board of Singapore	Blk 460 Lorong 6 Toa Payoh #01-80, Singapore 310460	3,621.72 sq. m.	2015	Retail store
HSBC International Trust Services (Singapore) Limited, as trustee of CapitaMall Trust	109 North Bridge Road #03-10/11/12/13, Funan Digitalife Mall, Singapore 179097	3,599.88 sq. ft.	2014	Retail store
Jurong Point Realty Limited	1 Jurong West Central 2 #02-04A/05/10/11A Jurong Point Shopping Centre, Singapore 648886	18,944.46 sq. ft.	2013	Retail store
HSBC Institutional Trust Services (Singapore) Limited, as trustee of Frasers Centrepoint Trust	1 Woodlands Square, Causeway Point #04-31, Singapore 738099	36,147 sq. ft.	2014	Retail store
HSBC Institutional Trust Services (Singapore) Limited (as trustee of CapitaRetail Lot One Trust)	21 Choa Chu Kang Avenue 4, #03-01 Lot One Shoppers' Mall, Singapore 689812	14,703.62 sq. ft.	2015	Retail store
Gold Ridge Pte. Ltd.	23 Serangoon Central #02-56/57 Singapore 556083	15,914 sq. ft.	2013	Retail store

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
HSBC Institutional Trust Services (Singapore) Limited, as trustee of CapitaMall Trust	109 North Bridge Road, Funan DigitaLife Mall #03-25, Singapore 179097	527.44 sq. ft.	2013 ¹	Retail store
OG Private Limited	228 Orchard Road, Orchard OG Building, Singapore 238853	44,315 sq. ft.	2013	Retail store
Sim Lian Holdings Pte Ltd	205 Upper Bukit Timah Road #01-01/02 Singapore 588181	16,753 sq. ft.	2014	Retail store
Heartland Retail Holdings Pte Ltd	Block 451 Clementi Ave 3 #01-309 Singapore 120451	26,727 sq. ft.	2015	Retail store
Lend Lease Retail Investments 3 Pte. Ltd.	In the retail mall provisionally known as #04-32 of the building at 777 Jurong Gateway Singapore	19,509 sq. ft.	3 years from the start of the term ²	Retail store

Notes:

- (1) We have terminated this lease with effect from 30 September 2012.
- (2) The retail mall at 777 Jurong Gateway is currently under construction and the lease will only commence after completion of its construction at a date to be determined.

KEY PROPERTY INTERESTS OF OUR GROUP IN MALAYSIA

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
No. 54: Kiet Thye Loong Sdn Bhd No. 55: Kang Yoak Teng No. 56: Teh Cheng Keat and Teh Tow Bee	Nos. 54-56, Jalan PSK Satu, Pekan Simpang Kuala, 05400 Alor Setar, Kedah	4,640 sq. ft. each	2014	Retail store
Chong Pang Kwai	No. 77, Taman Ketari, 28700 Bentong, Pahang	8,000 sq. ft.	2012	Retail store
Ong Ching Chee Lorry Transport Sdn Bhd	No. 179 and 181, Jalan Sultan Abdul Samad, 42700 Banting Selangor	8,000 sq. ft.	2012	Retail store
Multichain Marketing Sdn Bhd	No 140 - 143, Sublot 7805 -7808, Assyakirin Commercial Iskandar, Jalan Sultan Iskandar, 97000 Bintulu, Sarawak	9,600 sq. ft.	2015	Retail store
Majlis Kebajikan dan Sukan Anggota-Anggota Kerajaan Malaysia	Lot 560, Kompleks MAKSAM, Jalan Cheras, 56100 Kuala Lumpur	76,482 sq. ft.	2015	Retail store
Lot 8330: Syariful Hisyam bin Abdullah	Lot. 8330 Bangunan AO, Jalan Baru Pak Sabah, 23000 Dungun Terengganu and	4,200 sq. ft. each	Month-to-month	Retail store

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
Lot 8331: Eddy Johan Bin Abdullah	Lot. 8331 Bangunan AO, Jalan Baru Pak Sabah, 23000 Dungun Terengganu			
GCH Retail (Malaysia) Sdn Bhd	Lot No. K10, Giant Hypermarket Plentong, No. 3, Jalan Masai Lama, Mukim Plentong, 81750 Masai, Johor Bahru	19,635 sq. ft.	2012	Retail store
Chia Tan He & Sons Sdn Bhd	86-1 and 86-A, Jalan Dato Lau Pak Khuan, Ipoh Garden, 31400 Ipoh, Perak Darul Ridzuan	35,000 sq. ft.	2014	Retail store
Lim Kim Sun and Er Sok Hong	Nos 8289 and 8289-1, Bandar Baru Jasin III, 77000 Melaka	5,610 sq. ft.	2013	Retail store
Rajana Venshya Sdn Bhd	No. 1, Kajang Plaza, Jalan Dato' Seri P Alagendra, 43000 Kajang, Selangor No. 2, Kajang Plaza, Jalan Dato' Seri P Alagendra, 43000 Kajang, Selangor	No. 1: 12,600 sq. ft. No. 2: 4,444 sq. ft.	2012	Retail store
Ong Kah Huat	Nos. 2, 4 and 6, Jalan Medan Saujana 3, Medan Saujana Kamunting, 34600 Kamunting, Perak	12,000 sq. ft.	2013	Retail store
No. 22: Ng Si Eng No. 24: Ee Teow Bing Holdings Sdn Bhd	Nos. 22 and 24, Jalan Goh Hock Huat, 41400 Klang, Selangor	21,850 sq. ft. each	Month-to-month	Retail store
No. 10: OLS Trading Sdn Bhd No. 11: Pritekma Sdn Bhd	Nos. 10 and 11, Jalan Persiaran Yayasan, 86000 Kluang, Johor	No. 10: 7,000 sq. ft. No. 11: 10,000 sq. ft.	2012	Retail store
Puah Ah Cheng	Nos. 11 and 13, Jalan Niaga 10, Pusat Perdagangan Jalan Mawai, 81900 Kota Tinggi, Johor	5,600 sq. ft.	2012	Retail store
Kuala Pilah Rubber Factory Sdn Bhd	Lots 899 & 900, Jalan Raja Metawar, 70200 Kuala Pilah, Negeri Sembilan	Lot 899: 3,000 sq. ft. Lot 900: 3,000 sq. ft.	2012	Retail store
Lau & Partners Pharmacy Sdn Bhd	Ground & 1 st Floor, Kompleks H & P, Jalan Kampung Tiong 2, 20100 Kuala Terengganu, Terengganu	13,500 sq. ft.	2014	Retail store
Hainan Association Kuantan	Nos. 17-23, Jalan Bukit Ubi, 25200 Kuantan, Pahang	38,000 sq. ft.	2013	Retail store
Y&W Wholesale Mart Sdn Bhd	Nos. 1, 3, 5, 7, 9, 11, 13 & 15 Jalan PMS 1, Plaza Melaka Sentral, 75400 Melaka	20,916 sq. ft.	2013	Retail store

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
The Registered Trustee of Nattukkotai Chettiars Temple, Muar (Ordinan No 73 of 1953)	Nos. 92 and 94, Jalan Ali, 84000 Muar	12,800 sq. ft.	2013	Retail store
Ung Ka Ing, Hwa Hock Yong, Hwa Fook Fah and Hwa Hock Chong	No. 7180, Jalan BBN 1/1A, Bandar Baru Nilai, 71800, Nilai, Negeri Sembilan.	12,832 sq. ft.	2014	Retail store
Sit Tiong Siew and Sons Sdn Bhd	Nos. 99-101, Jalan Genuang, 85000 Segamat, Johor	8,549 sq. ft.	2012	Retail store
No. 17: Jaya Housing Corporation Sdn Bhd	No. 17, Jalan SU 10, Taman Selayang Utama, 68100 Batu Caves Selangor	No. 17: 1,944 sq. ft.	2013	Retail store
No. 18: Oon Chong Eong (M) Sdn Bhd	No. 18, Jalan SU 10, Taman Selayang Utama, 68100 Batu Caves Selangor	No. 18: 7,467.25 sq. ft.		
No. 8: Eu Suok Kieu, Hii Leh Ming, Hii Loo Ming No. 10: Kwok Ngo Aun, Cheng Po Ngik, Kong Nguk Shion, Wong Hui Hui No. 12: Law Hieng Siew, Law Sie Fung, Law Lee Ling, Lily Law	No. 8, 10, 12 Jalan Wong Kiing Huo (Next to Medan Mall) 96000 Sibu Sarawak, Malaysia	No. 8: 3,900 sq. ft. No. 10: 3,900 sq. ft. No. 12: 7,482 sq. ft.	2014	Retail store
Aeon CO (M) Bhd	Lot F35C Level 1, AEON Seberang Prai City Shopping Centre, Perdana Wawasan Trade Centre, Jalan Perda Timur, 14000 Bukit Mertajam, Seberang Prai Tengah, Pulau Pinang	28,079 sq.ft	2014	Retail store
Jothiratnam s/o S Seeveratnam and Anucia A/P Tharumaratnam	(a) No. 26-29, Jln Tuanku Munawir, 70000 Seremban, Negeri Sembilan	No. 26-29: 22,500 sq. ft.	2013	Retail store
Jothirotnam s/o Seeveratnam	(b) Unit No. 30-2, Wisma Century, Jalan Tuanku Munawir, Seremban, Negeri Sembilan	No. 30-2: 1,600 sq. ft.		
No. 266: Lee Voon Kuek and Teo Lik Meng No. 267: Teo Lik Meng and Teo Wah Mong. No. 268: Teo Lik Tong, Teo Lik Tiang and Tsai Chin Fah	No. 266 - 268, Pekan Baru, 94700 Serian Town District, Kuching, Sarawak	No. 266: 1,162 sq. ft. No. 267: 1,162 sq. ft. No. 268: 1,718 sq. ft.	2013	Retail store

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
Pembinaan Melangkah Maju Sdn Bhd	Ground, First and Second Floor of the East Wing and First Floor of the West Wing of Wisma Anggerik, No. 2, Jalan Perbahan 26/2, HICOM, 40400 Shah Alam, Selangor	18,678 sq. ft.	2012	Retail store
Sin Wah Lee Motors Sdn Bhd	No. 21D, Jalan Ibrahim, 08000 Sungai Petani, Kedah	19,000 sq. ft.	2012	Retail store
Ho Fee Chin	No. 94, 95 & 95A, Jalan Tengku Ismail, 28000 Temerloh, Pahang	No. 93: 3,200 sq. ft. No. 94, 95 and 95A: 14,596 sq. ft.	2012	Retail store
Yeap Lily, Yap Lee Hin @ Yeap Lee Hui, Yeap Tong Cheat, Yeap Tong Wei	No. 3183, Jalan Sultan Ibrahim, 15050 Kota Bharu, Kelantan	32,728 sq. ft.	2013	Retail store
GCH Retail (Malaysia) Sdn Bhd	Lot No. A43, Giant Hypermarket Shah Alam Stadium, Lot 2, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor	3,233 sq. ft.	2013	Retail store
Yong Tai Brothers Trading Sdn Bhd	No. 44, Jalan Abu Bakar, 83000 Batu Pahat, Johor	33,410 sq. ft.	2013	Retail store
Thrifty Management Sdn Bhd	First Floor, Wisma Thrifty, No. 19, Jalan Barat, 46200 Petaling Jaya, Selangor	26,000 sq. ft.	Month-to- month	Retail store
Tesco Stores (M) Sdn Bhd	Nos. 1-1-07 & 1-1-08, 1st Floor, Tesco Penang, No. 1 Lebuhr Tengku Kudin 1, Bandar Jelutong, 11700 Pulau Pinang	10,100 sq. ft.	2013	Retail store
No. 6: Chai Shuk Lan Nos. 7 and 8: Kueh Enterprises Sdn Bhd	Ground & First Floor, No. 6, 7 & 8 Wisma Matang, Jalan Matang, Kuching, 93050 Sarawak	No. 6: 2,819 sq. ft. No. 7: 2,737 sq. ft. No. 8: 2,329 sq. ft.	2013	Retail store
Daiman Properties Sdn Bhd	No. 36 Jalan Genting Klang, Setapak, 53300 Kuala Lumpur	38,614 sq. ft.	2013	Retail store
Chin & Sons (1955) Sdn Bhd	Lot 30, Block 10, Kuching Central Land District. 2½ Mile, Rock Road, 93250 Kuching, Sarawak	4,172 sq. m.	2013	Retail store
Lee Sing Forwarding Agencies (Miri)	Lot No. 2527, Block 5, Boulevard Commercial Centre, Miri Concession Land District, Pujut Road, 98000 Miri, Sarawak	56,625 sq. ft.	2013	Retail store

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
Pro Ice Holdings Sdn Bhd	Nos. 9 & 10, Jalan Kenari 8, Bandar Puchong Jaya, 47100 Puchong, Selangor	22,000 sq. ft.	2014	Retail store
No. 49-0, 49-1, 49-2: Mutiara Sanjung (M) Sdn Bhd	No. 49 Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor	No. 49: 8,400 sq. ft. No. 51: 4,528 sq. ft.	2014	Retail store
No. 51-0, 51-1, 51-2: Ong Ka Thiam & Ng Swee Leng	No. 51 Jalan Batu Nilam 5, Bandar Bukit Tinggi, 41200 Klang, Selangor			
Mutual Streams Sdn Bhd	Unit No. L3-36, Level 3, The Mines, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan	13,018 sq. ft.	2013	Retail store
No. 4: Khoo Soon Lee Realty Sdn Bhd	No. 4, Jalan Bestari 7/2, Taman Nusa Bestari, 81300 Skudai, Johor	No. 4: 8,000 sq. ft.	2013	Retail store
No. 6 & 8: Damai Motor Kredit Sdn Bhd	Nos. 6 & 8, Jalan Bestari 7/2, Taman Nusa Bestari, 81300 Skudai, Johor	No. 6 & 8: 16,000 sq. ft.		
Pusat Membeli-belah Kamdar (Penang) Sdn Bhd	First Floor of 3A-01-888A, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Pulau Pinang	13,805 sq. ft.	2014	Retail store
L.C. Chin Holdings Sdn Bhd	No. 578, Lorong Kemuning 1, Taman Kemuning, 09000 Kulim, Kedah	9,450 sq. ft.	2013	Retail store
Kar Sin Berhad	No. 403 & 403A, Jalan Samudera 2, Taman Samudera, 32040 Seri Manjung, Perak Darul Ridzuan	13,665 sq. ft.	2013	Retail store
No. 29: DSD Electric Sdn Bhd, KDS Letrik Sdn Bhd, KDS Letrik (PJ) Sdn Bhd	No. 29 & 31, Jalan Nautika A020/A, Seksyen U2D, Pusat Komersial TSB, Sg Buloh, 40100 Shah Alam, Selangor	No. 29: 6,160 sq. ft.	2014	Retail store
No. 31: Yap Chee Keong, Chua Yoke Heong and Chua Kian Seng	No. 29 & 31, Jalan Nautika A020/A, Seksyen U2D, Pusat Komersial TSB, Sg Buloh, 40100 Shah Alam, Selangor	No. 31: 9,800 sq. ft.	2014	Retail store
Tang Koon Fook, Lee Sieng Poon and Choong Yeow Chong	No. 1 & 3, Jalan PJU 5/10, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor	18,200 sq. ft.	2014	Retail store
Asiappeak Assets Sdn Bhd	No. 1 Ukay Boulevard Jalan Lingkaran Tengah Dua Hulu Kelang, 68000 Ampang, Selangor	9,762 sq. ft.	2014	Retail store

Landlord	Location	Size (Gross floor area)	Year of expiry	Use of property
Transocean Capital Sdn Bhd	No. 2 Ukay Boulevard Jalan Lingkaran Tengah Dua Hulu Kelang, 68000 Ampang, Selangor	5,781 sq. ft.	2014	Retail store
Master Resources Development Sdn Bhd	Level Ground & 1st, Menara Sentul, 86, Jalan Sentul, 51100 Kuala Lumpur	29,303 sq. ft.	2013	Retail store
Enrich Assets Sdn Bhd	LS1, Jalan Masai Lama, 81750 Johor Bahru, Johor	15,435 sq. ft.	2015	Retail store
Greenhill Resources Sdn Bhd	Lot L1-25B, Setia City Mall, No. 7, Persiaran Setia Dagang, Bandar Setia Alam, Seksyen U13, 40170 Shah Alam, 40170 Shah Alam, Selangor	17,432 sq. ft.	2015	Retail store
Benxon Hightech Sdn Bhd	Lot. No. L1-02, First Floor Kulai Centre Point Lot 1556 Batu 20, Jalan Kulai-Air Hitam, 81000 Kulai, Johor	22,925 sq. ft.	2015	Retail store
Tanah Bumimas Sdn Bhd	No. 23 Jalan Larkin 80200 Johor Bahru, Johor	40,034 sq. ft.	2014	Retail store
Multi Net Resources Sdn Bhd	Lot. No. A-10, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Lot. No. A-10: 4,950 sq. ft.	2013	Retail store
Prolific Capital Sdn Bhd	Lot. No. A-11, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Lot. No. A-11: 4,950 sq. ft.	2013	Retail store
Yap Chin Wei Kek Phaik Yean Yap Chin Keong	Lot. No. A-12, Jalan Reef 1/1, Pusat Perniagaan Reef, 48000 Rawang, Selangor	Lot. No. A-12: 4,950 sq. ft.	2013	Retail store
Kayangstar Property Sdn Bhd (Co. No: 896797-P)	No. 39, 41 & 43, Jalan Jubli Perak, 01000 Kangar, Perlis	7,815 sq. ft.	2015	Retail store
Chew Chin Lee	Lot PT 453, Jalan Tasik, 17500 Tanah Merah, Kelantan	8,364 sq. ft.	2014	Retail store

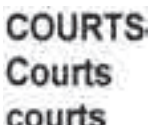
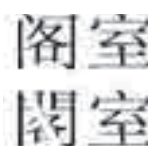
KEY INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

Details of some of the key intellectual property rights of our Group held in Singapore and Malaysia are as set out below:

Registered Trademarks

As at the Latest Practicable Date, our Group holds the registered trademarks listed below. Certain of the marks below are in the process of being registered.

Trademarks owned by our Company:

Trademark	Country of Registration	Class	Registration number/ Application number	Validity period
	Singapore	35	T1100027C	Pending ¹
	Malaysia	35	2011002389	Pending ¹
	New Zealand	35	835564	Valid till 5 January 2021
	Philippines	35	04-2011-000171	Valid till 8 June 2021
	Thailand	35	795141	Pending
	Brunei	35	41,639	Pending
	India	35	2141563	Pending
	Singapore	35	T1100028A	Valid till 4 January 2021
	Malaysia	35	2011002390	Pending ¹
	New Zealand	35	835565	Valid till 5 January 2012
	Hong Kong	35	301810250	Valid till 12 January 2021
	Philippines	35	04-2011-000170	Valid till 27 April 2021
	Thailand	35	795140	Pending
	Brunei	35	41,640	Pending
	India	35	2141564	Pending
	Singapore	35	T1100029Z	Valid till 4 January 2021
	Malaysia	35	2011002391	Pending ¹
	Hong Kong	35	301810287	Valid till 12 January 2021
	China	35	9212656	Valid till 20 March 2022
	Singapore	36	T1113792I	Valid till 4 October 2021
	Malaysia	36	2012050790	Pending
	Malaysia	35	2011054360	Pending
	Hong Kong	35	301810241	Valid till 12 January 2021

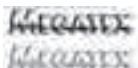
Trademark	Country of Registration	Class	Registration number/ Application number	Validity period
	Japan	35	2011-050846	Valid till 29 June 2022
	Sri Lanka	35	162250	Pending
	Indonesia	35	J00	Pending
	China	35	2011.004318	Pending
	Vietnam	35	9212658	Valid till 18 May 2021
	Laos	35	23902	Valid till 17 May 2021
	Korea	35	41-2012-5504	Pending
COURTS	Sri Lanka	35	162251	Pending
	China	35	9212657	Pending ¹
	Vietnam	35	4-2011-09359	Valid till 18 May 2021
	Cambodia	35	KH/41451/11	Valid till 18 May 2021
	Laos	35	23901	Valid till 17 May 2021
	Myanmar	35	4/11670/2011	Pending
	Korea	35	41-2012-5505	Pending
	Singapore	7	T0619154F	Valid till 14 September 2016
		9	T0619157J	
		11	T0619158I	
		20	T0619159G	
		24	T0619160J	
		27	T0619161I	
		35	T0619162G	
		36	T0619163E	
	Singapore	35	T0013885F	Valid till 8 August 2020
	Malaysia	9	97013357	Valid till 18 September 2014
	Malaysia	7	97011591	Valid till 19 August 2014
		11	97011593	
	Malaysia	36	98001924	Valid till 21 February 2018
	Malaysia	12	98001936	Valid till 21 February 2018

Trademark	Country of Registration	Class	Registration number/ Application number	Validity period
	Malaysia	7	98005515	Valid till 7 May 2018
		9	98005522	
		11	98005521	
		20	98005520	
		24	98005519	
		27	98005518	
		35	98005517	
		36	98005516	

Note:

- (1) The Registrars have raised objections to these applications and we have, or are in the process, of responding to these objections.

Trademarks owned by CSL:

Trademark	Country of Registration	Class	Registration no.	Validity period
	Singapore	35	T0817817B	Valid till 19 December 2018
THE SLEEP CLINIC	Singapore	35	T0803364F	Valid till 14 March 2018
Fuze	Singapore	20	T0620978Z	Valid till 6 October 2016
 	Singapore	35 36 37 41 42	T0621856H T0621857F T0621858D T0621859B T0621860F	Valid till 17 October 2016
WizKidz	Singapore	41	T0620965H	Valid till 6 October 2016
 	Singapore	43	T0620970D	Valid till 6 October 2016
cafeconnect 	Singapore	43	T0620976C	Valid till 6 October 2016
megapicks  megapicks 	Singapore	43	T0620982H	Valid till 6 October 2016

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APPENDIX G — DESCRIPTION OF THE SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Articles of Association. These statements summarise the material provisions of the Articles of Association but are qualified in entirety by reference to the Articles of Association.

Shares

All of the Shares are in registered form. Our Company may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, our Company may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of the Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of the Shareholders of our Company in a general meeting. The aggregate number of Shares to be issued pursuant to such approval shall not exceed, if by way of renounceable rights issues on a *pro rata* basis to Shareholders, 100% (or such other limit as may be prescribed by the SGX-ST) of the total number of Shares in issue, and otherwise than by way of renounceable rights issues on a *pro rata* basis to Shareholders, shall not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of the total number of Shares in issue, of which the aggregate number of additional Shares to be issued other than on a *pro rata* basis to the existing Shareholders must not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of the total number of Shares in issue. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued and all new Shares are under the control of the Board of Directors of our Company who may allot and issue the same with such rights and restrictions as they may think fit.

Shareholders

Only persons who are registered in the register of Shareholders of our Company and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the Shares, are recognised as Shareholders of our Company. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share. Our Company may close the register of Shareholders for any time or times if we provide the SGX-ST at least 5 clear market days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. Our Company will typically close the register to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or the rules or by-laws of any stock exchange on which our Company is listed. The Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which our Company has a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which our Company is listed. The Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the Share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if we are properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that the Board of Directors may require.

General Meeting of Shareholders

Our Company is required to hold an annual general meeting every year. The Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, 2 or more Shareholders holding not less than 10% of total number of issued Shares of our Company (excluding treasury shares) may call a meeting. Unless otherwise required by law or by the Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum and the Articles of Association, a change of the corporate name and a reduction in the share capital. Our Company must give at least 14 days' notice in writing for every General Meeting convened for the purpose of passing an ordinary resolution. Special resolutions generally require at least 21 days' notice in writing. The notice must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting in person or by proxy. Proxies need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in the Articles, 2 or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every Shareholder present in person and by proxy shall have 1 vote, and on a poll, every Shareholder present in person or by proxy shall have 1 vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or any 2 Shareholders present in person or by proxy and entitled to vote.

Dividend

Our Company may, by ordinary resolution of the Shareholders, declare dividends at a General Meeting, but may not pay dividends in excess of the amount recommended by the Board of Directors. Our Company must pay all dividends out of the profits. The Board of Directors may also declare an interim dividend without the approval of the Shareholders. All dividends are paid pro rata among the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

The Board of Directors may, with approval of the Shareholders at a general meeting, capitalise any reserves and distribute the same as bonus shares credited as paid-up to the Shareholders in proportion to their shareholdings. The Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Company is listed.

Takeovers

The Securities and Futures Act and the Singapore Take-Over Code regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Any person acquiring an interest,

either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares in our Company must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Take-Over Code. "Parties acting in concert" include a company and its related and associated companies, a company and its directors (including their relatives), a company and its pension funds, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial adviser and its client in respect of shares held by the financial adviser and shares in the client held by funds managed by the financial adviser on a discretionary basis. An offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding 6 months. A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights acquires additional voting shares representing more than 1% of the voting shares in any 6 month period.

Liquidation or Other Return of Capital

If our Company liquidates or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their Shareholdings, subject to any special rights attaching to any other class of shares.

Limitations on Rights to Hold or Vote on Shares

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by the Articles of Association on the rights of non-resident Shareholders to hold or vote on Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Act, which gives the Singapore courts a general power to make any order, upon application by any of the Shareholders, as they think fit to remedy any of the following situations:

- (a) the affairs of our Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or
- (b) our Company takes an action, or threatens to take an action, or the Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of the affairs of our Company in the future;
- (c) authorise civil proceedings to be brought in the name, or on the behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's Shares by the other Shareholders or by our Company and, in the case of a purchase of Shares by our Company, a corresponding reduction of the share capital;
- (e) provide that the Memorandum or the Articles of Association be amended; or
- (f) provide that our Company be wound up.

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APPENDIX H — SUMMARY OF THE CONSTITUTION OF OUR COMPANY

Summary of the Articles of Association

Directors

(a) Ability of interested directors to vote

A director of our Company shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive directors of our Company shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to directors of our Company shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any director of our Company who holds any executive office, or who serves on any committee of the directors of our Company, or who performs services outside the ordinary duties of a director of our Company, may be paid extra remuneration by way of salary, commission or otherwise, as the directors of our Company may determine.

The remuneration of a managing director of our Company shall be fixed by the directors of our Company and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The directors of our Company shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any directors of our Company for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

The directors of our Company may exercise all the powers of our Company to raise or borrow money, to mortgage or charge our undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for directors of our Company under the Articles of Association of our Company. Section 153 of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of our Company or authorised to continue in office as a director of our Company by way of an ordinary resolution passed at an annual general meeting of our Company.

(e) Shareholding Qualification

There is no shareholding qualification for directors of our Company in the Memorandum and Articles of Association of our Company.

Share rights and restrictions

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on the register of Shareholders of our Company are recognised as the Shareholders of our Company. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the Shares are recognised as the Shareholders of our Company.

(a) Dividends and distribution

We may, by ordinary resolution of the Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by the Board of Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of our Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of Shares to the Shareholders. All dividends are paid *pro rata* amongst the Shareholders in proportion to the amount paid up on each Shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a Share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend unclaimed after a period of 6 years after having been declared may be forfeited and shall revert to our Company but our Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other moneys payable on or in respect of a Share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of the ordinary shares of our Company is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP at least 48 hours before the general meeting. Except as otherwise provided in the Articles of Association of our Company, 2 or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles of Association of our Company, on a show of hands, every Shareholder present in person and by proxy shall have 1 vote, and on a poll, every Shareholder present in person or by proxy shall have 1 vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10 per cent. of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any 2 Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of the share capital of our Company) require Shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice must be given to each of the Shareholders of our Company who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of the share capital of our Company is subject to the conditions prescribed by law.

Variation of rights of existing Shares or classes of shares

Subject to the Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of the Articles of Association of our Company relating to general meetings of our Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be 2 persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have 1 vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within 2 months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Article does not impose more significant conditions than the Companies Act in this regard.

Limitations on foreign or non-resident Shareholders

There are no limitations imposed by Singapore law or by the Articles of Association of our Company on the rights of Shareholders who are regarded as non-residents of Singapore, to hold or vote on their Shares.

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APPENDIX I — RULES OF THE SHARE APPRECIATION RIGHTS PLAN AND THE PERFORMANCE SHARE PLAN

SHARE APPRECIATION RIGHTS PLAN

The following is a summary of the principal rules of the Share Appreciation Rights Plan.

Eligibility

Under the rules of the Share Appreciation Rights Plan, directors and employees of our Company, the subsidiaries of our Company and associated companies over which our Company has control are eligible to participate in the Share-Based Incentive Plans at the absolute discretion of the Remuneration Committee, and such person must:

- (i) in the case of executive directors and employees of our Group, have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time; and
- (ii) in the case of employees of our associated companies, if any, have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time and who, in the opinion of the Remuneration Committee, contributed or will contribute to the success and development of our Group.

Non-executive Directors, Controlling Shareholders and their respective associates will not be eligible to participate in the Share Appreciation Rights Plan.

Awards

Awards under the Share Appreciation Rights Plan comprise Share Appreciation Rights which represent the right of a Participant to receive fully paid Shares, cash or a combination of fully paid Shares and cash, free of charge, calculated based on the gain in the market value of a Share on the SGX-ST (or such other stock exchange on which the Shares may for the time being be listed or quoted) over a specified performance period, if any, provided that the prescribed conditions and performance targets, if any, under the Share Appreciation Rights Plan are met.

For the avoidance of doubt, no delivery of Shares or payment in cash will be due or made in the event that the exercise value of a Share Appreciation Right is equal or less than the grant value of that Share Appreciation Right, as determined under the terms of the Share Appreciation Rights Plan.

An Award shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Remuneration Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award, that Award shall immediately lapse.

A Participant may reject the whole of an Award made to him within 14 days of the date on which the Award is to be granted (the "Award Date") by notice in writing to the Remuneration Committee, in which event the grant of the Award shall be deemed never to have been made under the Share Appreciation Rights Plan.

The Remuneration Committee shall decide, in accordance with the terms of the Share Appreciation Rights Plan, in relation to each Award:

- (i) the Participant;

- (ii) the Award Date;
- (iii) the number of Share Appreciation Rights which are the subject of the Award;
- (iv) the grant value of each Share Appreciation Right;
- (v) in the case of a performance-related Award:
 - (a) the performance period;
 - (b) the performance condition(s), if any; and
 - (c) the extent to which Share Appreciation Rights which are the subject of that Award shall vest on the performance condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
- (vi) the vesting period(s);
- (vii) the vesting date(s);
- (viii) the vesting schedule;
- (ix) the retention period, if any;
- (x) the exercise period; and
- (xi) any other condition which the Remuneration Committee may determine in relation to that Award.

Timing

Awards may be granted at any time in the course of a financial year, at the discretion of the Remuneration Committee. A letter confirming the Award and specifying, among others, the award date, the number of Share Appreciation Rights which are the subject of the Award, the grant value of each Share Appreciation Right, the prescribed performance condition(s), if any, the performance period during which the prescribed performance condition is to be satisfied and the extent to which the Share Appreciation Rights which are the subject of that Award shall vest on the satisfaction of the prescribed performance condition(s), the vesting period(s), the vesting date(s), the vesting schedule, the exercise period and the retention period, if any, shall be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Special Provisions

Special provisions for the exercising and lapsing of Awards apply in certain circumstances, including the following:

- (a) an order being made for the winding-up of our Company on the basis of its insolvency;
- (b) the death of a Participant;
- (c) the bankruptcy of a Participant;
- (d) the misconduct of a Participant as determined by the Remuneration Committee in its discretion;

- (e) the Participant ceases to be in the employment of our Group or associated companies over which we have control; and
- (f) any other event approved by the Remuneration Committee.

Size and duration of the Share Appreciation Rights Plan

The aggregate number of Shares which may be issued pursuant to Awards granted under the Share Appreciation Rights Plan, when added to the total number of Shares issued and issuable in respect of all Awards granted under the Share-Based Incentive Plans, at any point in time, shall not exceed 10% of the issued share capital of our Company on the day preceding the relevant date of the Award, which is inclusive of new Plan Shares issued by our Company and treasury Shares for share grant and settlement purposes. The Remuneration Committee administering the Share-Based Incentive Plans may also decide to impose further annual sub-limits for each or both of the Share-Based Incentive Plans, and has currently set an annual sub-limit for granting of Awards at 1.5% of our Company's issued share capital (excluding treasury Shares) for both of the Share-Based Incentive Plans.

The Share Appreciation Rights Plan shall at the discretion of the Remuneration Committee, continue in force for a maximum period of 10 years commencing on the date the Share Appreciation Rights Plan was adopted by our Company in general meeting, providing always that the Share Appreciation Rights Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Appreciation Rights Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

Operation of the Share Appreciation Rights Plan

The Share Appreciation Rights Plan contemplates the grant of rights to receive fully-paid Shares, cash or a combination of fully-paid Shares and cash, as determined by the Remuneration Committee in its sole discretion. Any new Shares issued by our Company pursuant to the exercise of Share Appreciation Rights will be fully-paid upon their issuance and allotment. The number of Shares which may be received by a Participant upon the exercise of his Share Appreciation Rights is calculated by reference to the difference between the exercise value (which is based on the market price of the Shares on exercise) and the grant value (which is based on the market price of the Shares on grant) of the Share Appreciation Rights. The grant of Share Appreciation Rights under the Share Appreciation Rights Plan therefore enables Participants to take the benefit of any increase in the market price of the Shares without having to make any cash outlay. Any new Shares allotted and issued by our Company pursuant to the exercise of Share Appreciation Rights shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Remuneration Committee has the flexibility under the terms of the Share Appreciation Rights Plan to make payment in the form of cash. If the Remuneration Committee exercises its discretion to pay cash instead of Shares upon the exercise by a Participant of his Share Appreciation Rights, the Remuneration Committee will make a cash payment to him of an amount equal to the difference between the exercise value and the grant value of his Share Appreciation Rights.

Under the Share Appreciation Rights Plan, the Remuneration Committee may decide to make the exercise of Share Appreciation Rights contingent upon the satisfaction of pre-determined performance or service conditions, and subject to specified vesting periods. The Remuneration Committee will also have the discretion to impose a retention period during which the Participant will not be allowed to deal with the Shares he acquires upon the exercise of his Award, unless otherwise permitted.

The Remuneration Committee shall have the discretion to determine whether a performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Remuneration Committee shall have the right to make computational adjustments to the audited results of our Group or an associated company over which our Company has control, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Adjustment events

If variation in the ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, or if our Company shall make a declaration of a special dividend (whether in cash or *in specie*), then the Remuneration Committee may, as it deems appropriate, determine whether:

- (a) the number of Share Appreciation Rights which are the subject of an Award under the Share Appreciation Rights Plan to the extent unexercised; and
- (b) the grant value of those Share Appreciation Rights

shall be adjusted and, if so, the manner in which such adjustment shall be made, provided that any such adjustment shall be made in a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the Remuneration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by us on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Modifications or alterations to the Share Appreciation Rights Plan

The Share Appreciation Rights Plan may be modified and/or altered from time to time by a resolution of the Remuneration Committee, except that:

- (i) no modification or alteration shall alter adversely the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants under the Share Appreciation Rights Plan who, if their Awards were released to them upon the performance condition(s) specified in their respective Award letters being satisfied in full, would become entitled to not less than three-quarters of the aggregate number of all the Shares which would fall to be vested upon release of all outstanding Awards under the Share Appreciation Rights Plan upon the performance condition(s) for all outstanding Awards being satisfied in full;
- (ii) no alteration shall be made to particular definitions and rules of the Share Appreciation Rights Plan to the advantage of the Participants except with the prior approval of Shareholders in general meeting; and
- (iii) no material modification or alteration shall be made without the prior approval of the SGX-ST, and such other regulatory authorities, as may be necessary.

Additionally, the Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST, if necessary) amend or alter the Share Appreciation Rights Plan in any way to the extent necessary to cause the Share Appreciation Rights Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

PERFORMANCE SHARE PLAN

The following is a summary of the principal rules of the Performance Share Plan.

Eligibility

Under the rules of the Performance Share Plan, our directors and employees, our subsidiaries and associated companies over which we have control are eligible to participate in the Share-Based Incentive Plans at the absolute discretion of the Remuneration Committee, and such person must:

- (i) in the case of executive directors and employees of our Group, have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time; and
- (ii) in the case of employees of our associated companies, if any, have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time and who, in the opinion of the Remuneration Committee, contributed or will contribute to the success and development of our Group.

Non-executive Directors, controlling Shareholders and their associates will not be eligible to participate in the Performance Share Plan.

Awards

Awards under the Performance Share Plan represent the right of a Participant to receive fully paid Shares, free of charge, upon the Participant achieving prescribed performance target(s) within the time period prescribed by the Remuneration Committee. Awards are released once the Remuneration Committee is satisfied that the prescribed performance target(s) have been achieved. The Remuneration Committee may specify vesting period(s) for such Awards beyond the performance achievement period, as determined by the Remuneration Committee in its sole discretion. The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the rules of the Performance Share Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as the relevant Participant's rank, job performance, years of service, potential for future development, contribution to the success and development of our Group and the extent of effort with which the prescribed performance target(s) may be achieved within the time period prescribed by the Remuneration Committee.

The Remuneration Committee shall decide, in accordance with the terms of the Performance Share Plan, in relation to each Award:

- (i) the Participant;
- (ii) the Award Date;
- (iii) the number of Shares which are the subject of that Award;
- (iv) in the case of a performance-related Award:
 - (a) the performance period;
 - (b) the performance condition(s), if any; and
 - (c) the extent to which Shares which are the subject of that Award shall be released on the performance condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

- (v) the vesting period(s);
- (vi) the vesting date(s);
- (vii) the release schedule;
- (viii) the retention period, if any; and
- (ix) any other condition which the Remuneration Committee may determine in relation to that Award.

Timing

Awards may be granted at any time in the course of a financial year, at the discretion of the Remuneration Committee. A letter confirming the Award and specifying, among others, the award date, the number of Shares which are the subject of the Award, the prescribed performance condition(s) and target(s), if any, the performance period, if any, during which the prescribed performance condition(s) and target(s), if any, are to be satisfied, the vesting period(s), the vesting date(s), the vesting schedule, the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance condition(s) and target(s), if any, and the retention period, if any, will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

Special Provisions

Special provisions for the exercising and lapsing of Awards apply in certain circumstances, including the following:

- (a) an order being made for the winding-up of our Company on the basis of its insolvency;
- (b) the death of a Participant;
- (c) the bankruptcy of a Participant;
- (d) the misconduct of a Participant as determined by the Remuneration Committee in its discretion;
- (e) the Participant ceases to be in the employment of our Group or associated companies over which our Company has control; and
- (f) any other event approved by the Remuneration Committee.

Size and duration of the Performance Share Plan

The aggregate number of Shares which may be issued pursuant to Awards granted under the Performance Share Plan, when added to the total number of Shares issued and issuable in respect of all Awards granted under the Share-Based Incentive Plans, at any point in time, shall not exceed 10% of the issued share capital of our Company on the day preceding the relevant date of the Award, which is inclusive of any new Plan Shares issued by us (excluding treasury Shares) for share grant and settlement purposes. The Remuneration Committee administering the Share-Based Incentive Plans may also decide to impose further annual sub-limits for each or both of the Share-Based Incentive Plans, and has currently set an annual sub-limit for granting of Awards of 1.5% of our Company's issued share capital (excluding treasury Shares) for both of the Share-Based Incentive Plans.

The Performance Share Plan shall at the discretion of the Remuneration Committee, continue in force for a maximum period of 10 years commencing on the date the Performance Share Plan is adopted by our Company in general meeting, providing always that the Performance Share Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

Operation of the Performance Share Plan

The Performance Share Plan contemplates the grant of fully-paid Shares, cash or a combination of fully-paid Shares and cash, as determined by the Remuneration Committee in its sole discretion. Subject to prevailing legislation and the rules of the SGX-ST, our Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of an issue of new Shares, deemed to be fully paid upon their issuance and allotment and/or existing treasury Shares. Any new Shares to be issued to Participants upon vesting of their Awards under the Performance Share Plan will be fully paid upon their issuance and allotment. Such Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

In determining whether to issue new Shares or treasury Shares for delivery to Participants upon vesting of their Awards, factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares, our Company's cash position and the cost to our Company of either issuing new Shares or purchasing existing Shares will be taken into account.

The Remuneration Committee shall have the discretion to determine whether a performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Remuneration Committee shall have the right to make computational adjustments to the audited results of our Group or an associated company over which we have control, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Adjustment events

If variation in the ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, or if we shall make a declaration of a special dividend (whether in cash or *in specie*), then the Remuneration Committee may as it deems appropriate, determine whether:

- (a) the class and/or number of Shares which are the subject of an Award under the Performance Share Plan to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Performance Share Plan;

shall be adjusted and, if so, the manner in which such adjustment shall be made, provided that any such adjustment shall be made in a way that a Participant will not receive a benefit that a Shareholder does not receive.

Unless the Remuneration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by our Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Modifications or alterations to the Performance Share Plan

The Performance Share Plan may be modified and/or altered from time to time by a resolution of the Remuneration Committee, except that:

- (i) no modification or alteration shall alter adversely the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of participants under the Performance Share Plan who, if their Awards were released to them upon the performance condition(s) specified in their respective Award letters being satisfied in full, would become entitled to not less than three-quarters of the aggregate number of all the Shares which would fall to be vested upon release of all outstanding Awards under the Performance Share Plan upon the performance condition(s) for all outstanding Awards being satisfied in full;
- (ii) no alteration shall be made to particular definitions and rules of the Performance Share Plan to the advantage of the Participants except with the prior approval of Shareholders in general meeting; and
- (iii) no material modification or alteration shall be made without the prior approval of the SGX-ST, and such other regulatory authorities, as may be necessary.

Additionally, the Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST, if necessary) amend or alter the Performance Share Plan in any way to the extent necessary to cause the Performance Share Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

APPENDIX J — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS OF SINGAPORE AND MALAYSIA

Singapore

Regulation of Imports and Exports Act (Chapter 272A of Singapore) (the “Regulation of Imports and Exports Act”) and Regulation of Imports and Exports Regulations (the “RIER”)

Under the Regulation of Imports and Exports Act, the Director-General of Customs appointed under section 4(1) of the Customs Act (Chapter 70 of Singapore) may, subject to the approval of the Minister of Trade and Industry, make regulations for the registration, regulation and control of all or any class of goods imported into, exported from, transhipped in or in-transit through Singapore. Pursuant to Regulation 37(1) of the RIER, the Director-General of Customs may maintain a register containing the particulars of importers, exporters, common carriers or any other person who desires to apply for a permit or any other form of approval under RIER. CSL is registered in the aforesaid register. The registration of CSL is specific to CSL and cannot be transferred. The registration is subject to the regulations as may be prescribed by the Director-General of Customs from time to time.

Telecommunications (Dealers) Regulations under the Telecommunications Act (Chapter 323 of Singapore)

Under the Telecommunications (Dealers) Regulations, a dealer who manufactures, imports, lets for hire, sells or offers or possesses for sale any type-approved equipment, registered equipment or telecommunication equipment set out in the First Schedule to the Telecommunications (Dealers) Regulations must hold a Dealer's Class Licence issued by the Infocomm Development Authority of Singapore. The Infocomm Development Authority of Singapore has issued a Dealer's Class Licence Registration No. DA01032 (“IDA Licence”) to CSL. Except with the prior written consent of the Infocomm Development Authority of Singapore, a holder of a Dealer's Class Licence shall not assign, transfer, sublet or otherwise dispose of any benefit of his Dealer's Class Licence, or permit any person to participate in any benefit or authority granted by his licence.

Building Control (Outdoor Advertising) Regulations

The Building Control (Outdoor Advertising) Regulations provide that no person shall, without a licence, display or cause or permit to be displayed outdoors, whether on the exterior surface of any building or on any part of any premises or on any free-standing advertising structure, any advertisement, animated billboard, directional sign, signboard or skysign.

There are 2 types of licences granted by the Building and Construction Authority in respect of the above, namely Category A and Category B. A Category A licence may, on payment of the appropriate licence fee, be granted for such period as the Commissioner of Building Control may determine but shall not exceed 3 years from the date of the grant of the licence, and shall be automatically renewed for a further period not exceeding 3 years commencing from the date of expiry of the licence, upon payment of the appropriate licence fee within the period stipulated in the notice of payment issued by the Commissioner of Building Control.

Malaysia

Guidelines on Foreign Participation in the Distributive Trade Services Malaysia (“Distributive Trade Guidelines”) issued by the Ministry of Domestic Trade, Co-operatives and Consumerism (“MDTCC”)

In view of the nature of business of our Company, i.e. retailing of electronic and electrical appliances and household furniture and furnishings, we are a distributive trader within the meaning of the Distributive Trade Guidelines and is thus subject to the purview of the MDTCC.

Under the Distributive Trade Guidelines, with effect from 6 January 2010, all proposals for foreign involvement in distributive trade must obtain the approval of the MDTCC. These include:

- (a) acquisition of interest;
- (b) mergers and/or takeovers by foreign participation;
- (c) opening of new branches/outlets/chain stores;
- (d) relocation of branches/outlets/chain stores;
- (e) expansion of existing branches/outlets/chain stores;
- (f) buying over/taking over of outlets of other operators; and
- (g) purchase and sale of properties to operate distributive trade activities prior to obtaining the approval/license from local authorities and other agencies to operate distributive trade activities.

There is Bumiputera equity condition imposed on hypermarkets only under the Distributive Trade Guidelines. Since we are not a hypermarket within the meaning of the Distributive Trade Guidelines, we are not required to have at least 30% Bumiputera equity in our shareholding structure.

Notwithstanding the above, all distributive trade companies with foreign equity shall:

- (a) appoint Bumiputera director/directors;
- (b) hire personnel at all levels including management to reflect the racial composition of the Malaysian population;
- (c) formulate clear policies and plans to assist Bumiputera participation in the distributive trade sector;
- (d) hire at least 1 percent of the total hypermarket workforce from persons with disabilities;
- (e) increase the utilisation of local airports and ports in the export and import of the goods;
- (f) utilise local companies for legal and other professional services which are available in Malaysia;
- (g) submit annual financial reports to the MDTCC; and
- (h) comply with all by-laws and regulations of local authorities.

For a specialty store (such as our Company), the following requirements also apply:

- (a) it must be incorporated locally under the Companies Act 1965.
- (b) minimum capital investment in terms of a company's shareholders funds, which include paid up capital and reserves, is RM 1 million for each specialty outlet (to be reviewed every 3 years).
- (c) addition of branch is subject to the approval of MDTCC.

- (d) impact study on existing local retailers should be carried out if a specialty store is to be operational in a stand alone building or if the business floor area is not less than 5,000 square meters.
- (e) Specialty store operators should ensure a safe and clean environment (such as garbage disposal, recycling facilities) as well as efficient use of energy.

Further a specialty store may be allowed to operate if it fulfils the following criteria:

- (a) contribution to the socio-economic development of Malaysia;
- (b) generate substantial foreign direct investment;
- (c) absence of local players in proposed formats;
- (d) create employment opportunities;
- (e) transfer of technology/skills; and
- (f) unique/exclusive nature of business.

Direct Sales and Anti-Pyramid Scheme Act 1993 of Malaysia (“DSAPSA”)

Our Company has been licensed by the Ministry of Domestic Trade and Consumer Affairs (now MDTCC) to carry on a direct sales business. Should our Company decide to start direct sales activities, our Company may utilize the current direct sales license it holds (provided it has not expired) as long as it complies with the conditions attached to the direct sales licence, which includes among others:

- (a) our Company shall not carry on a marketing plan which has not been approved by the Controller of Direct Sales;
- (b) our Company can only market products/services which has been approved by the Controller of Direct Sales;
- (c) our Company must obtain approval from the MDTCC before commencing on any campaign, promotion, or any type of advertisement for the purpose of marketing the company's products;
- (d) our Company must obtain approval from the MDTCC regarding any proposals in marketing new products, to amend the product's price structure and other matters related to products before marketing the products.

We would also be required to comply with the provisions of the DSAPSA with regard to, amongst others, door-to-door sales, mail order sales and sales through electronic transactions. The DSAPSA also sets out requirements relating to the direct sales contracts and their contents.

Under section 8 of the DSAPSA, the Controller of Direct Sales may revoke a licence granted under the DSAPSA if he is satisfied that:

- (a) the licensee has failed to comply with any obligation imposed upon it by or under the DSAPSA or the regulations;
- (b) the licensee has contravened any of the conditions imposed under the licence, or any other provision of the licence, or any provision of the DSAPSA or the regulations, regardless that there has been no prosecution for an offence in respect of such contravention;

- (c) the licensee or any person who is or is to be a director, manager, secretary or other similar officer of the licensee has, either in connection with the application for the licence, or at any time after the grant of the licence, provided false, misleading or inaccurate information to the Controller;
- (d) the interests of persons dealing with the licensee or the interests of its purchasers are in any way threatened, whether by the manner in which the licensee is conducting or proposes to conduct its business or for any other reason;
- (e) the licensee has ceased to carry on any one or more of the fields of business for which it is licensed;
- (f) a compromise or arrangement with creditors has been made in respect of the licensee;
- (g) a receiver or manager of the licensee's business has been appointed; or
- (h) possession has been taken, by or on behalf of the holders of any debenture secured by a charge, of any property of the licensee comprised in or subject to the charge.

The Controller of Direct Sales may at any time impose new conditions on a licence granted under the DSAPSA, or vary or revoke any condition imposed on such licence, or may vary or revoke any condition already varied.

Consumer Protection Act 1999 of Malaysia ("CPA")

Our Company is subject to the provisions of the CPA in respect of all goods and services that are offered or supplied by us to one or more consumers in trade including any trade transaction conducted through electronic means.

The CPA contains prohibitions on misleading and deceptive conduct, false representation and unfair practice and provisions relating to the safety standards of the goods and services supplied. It also provides consumers with statutory rights of redress against suppliers and manufacturers.

The CPA further prohibits any procedurally or substantively unfair contract terms. If a contract or a term of a contract is concluded as being procedurally or substantively unfair or both, it may be declared void or unenforceable. It is further provided that, if a contract or a term of a contract excludes or restricts liability, or excludes rights, duties and liabilities, it is for the supplier relying on such exclusion or restriction to prove that it is not without adequate justification.

Under section 143 of the CPA, where an offence has been committed by a body corporate, such as our Company, any person who at the time of the commission of the offence was a director, manager, secretary or other similar officer of the body corporate or who was purporting to act in any such capacity shall, as well as the body corporate, be deemed to have committed that offence unless he proves that the offence was committed without his knowledge, consent or connivance and that he took reasonable precautions and had exercised due diligence to prevent the commission of the offence.

It is further stated in section 144 of the CPA that where an offence has been committed by (a) an employee; (b) an agent; or (c) an employee of the agent, of any person (the "principal"), the principal shall be deemed to have committed that offence unless he proves that-

- (aa) the offence was committed without his knowledge or that he took reasonable precautions to prevent its commission; and

(bb) the offence was committed –

- (i) in the case of an employee, outside the course of his employment; or
- (ii) in the case of an agent, when the agent was not acting on the principal's behalf; or
- (iii) in the case of an employee of the agent, outside the course of his employment by the agent or otherwise on behalf of the agent.

Trade Descriptions Act 2011 of Malaysia (“TDA”) and subsidiary legislations

Our Company is subject to the provisions of the TDA which contain prohibitions on false trade descriptions and other misstatements, such as in relation to price of goods and indication of origin.

A trade description is an indication, direct or indirect, and by whatever means given, of any of the following matters with respect to any goods or parts of goods:

- (a) nature or designation;
- (b) quantity, length, width, height, area, volume, capacity, weight, size or gauge;
- (c) method of manufacture, production, processing or reconditioning;
- (d) composition;
- (e) fitness for purpose, strength, performance, behaviour or accuracy;
- (f) the standard of fineness of articles made of precious metal;
- (g) any physical or technological characteristics not included in the preceding paragraphs;
- (g) date of expiration of the goods;
- (i) testing by any person and results thereof;
- (j) quality otherwise than as specified in the preceding paragraphs;
- (k) approval by any person or conformity with a type approved by any person;
- (l) place or date of manufacture, production, processing or reconditioning;
- (m) person who manufactured, produced, processed or reconditioned the goods; or
- (n) other history, including previous ownership or use.

There are also subsidiary legislations governing cheap sales under the TDA, namely the Trade Descriptions (Cheap Sale Price) Regulations 1997 (“TDR”). Under the TDR, no person shall, in the course of trade or business, supply or offer to supply goods of any description at cheap sale price unless a notice in writing is served on the Controller, Deputy Controller or Assistant Controller of Trade Descriptions not later than 14 days immediately prior to the date of commencement of the supply or offer to supply goods at cheap sale price. The TDR also regulate the number of cheap sales which can be offered in a calendar year and the duration of the supply or offer to supply goods at cheap sale price.

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APPENDIX K — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES UNDER THE PUBLIC OFFER

You are invited to apply and subscribe for the Public Offer Shares at the Offering Price subject to the terms and conditions set out below (the “**Instructions**”) and in the Application Form to be used for the purpose of the Offering and which forms part of the Prospectus or, as the case may be, the Electronic Applications.

Investors applying for the Offering Shares by way of Application Forms or Electronic Applications are required to pay the Offering Price of S\$0.77 per Share, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is unsuccessful, (ii) an application is rejected or accepted in part only, or (iii) if the Offering does not proceed for any reason.

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 OFFERING SHARES OR HIGHER INTEGRAL MULTIPLES THEREOF. YOUR APPLICATIONS FOR ANY OTHER NUMBER OF OFFERING SHARES WILL BE REJECTED.**
2. You may apply for the Offering Shares during the period commencing at 9.00 am on 9 October 2012 and expiring at 12.00 noon on 11 October 2012. The Public Offer period may be extended or shortened to such date and/or time as the Company and the Vendor may, in consultation with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager decide, subject to all applicable laws and regulations and the rules of the SGX-ST.
3. Your application for Offering Shares under the Public Offer (“**Public Offer Shares**”) may be made by way of the printed **WHITE** Public Offer Shares Application Forms or by way of Electronic Applications through the ATMs of the Participating Banks (“**ATM Electronic Applications**”) or through the IB websites of the relevant Participating Banks (“**Internet Electronic Applications**”) which, together with ATM Electronic Applications, shall be referred to as “**Electronic Applications**”). The Participating Banks are DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary Far Eastern Bank Limited.
4. **You must be in Singapore at the time of making the application for the Public Offer Shares.**
5. **You may use up to 35.0% of your CPF Investible Savings (“CPF Funds”) to apply for the Offering Shares under the Public Offer.** Approval has been obtained from the Central Provident Fund Board (the “CPF Board”) for the use of such CPF Funds pursuant to the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time, for the subscription of the Offering Shares. You may also use up to 35.0 per cent. of your CPF Funds for the purchase of the Offering Shares in the secondary market.
6. If you are using CPF Funds to apply for the Offering Shares, you must have a CPF Investment Account maintained with the relevant Participating Bank. You do not need to instruct the CPF Board to transfer CPF Funds from your CPF Ordinary Account to your CPF Investment Account. The use of CPF Funds to apply for the Offering Shares is further subject to the terms and conditions set out in the section on “Terms and Conditions for Use of CPF Funds” on page K-22 of this Prospectus.
7. **You (not being an approved nominee company) are allowed to submit only 1 application in your own name for the Public Offer Shares. If you are submitting an application for the Public Offer Shares by way of an Application Form, you MAY NOT**

submit another application for the Public Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of the Company and the Vendor.

If you submit an application for Offer Shares by way of an Internet Electronic Application, you MAY NOT submit another application for Offer Shares by way of an ATM Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

If you (not being an approved nominee company) have submitted an application for the Public Offer Shares in your own name, you should not submit any other application for the Public Offer Shares whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of the Company and the Vendor.

You are allowed to submit only one application in your own name for the Offering Shares under the Placement ("Placement Shares"). Any separate application by you for Placement Shares shall be deemed to be multiple applications and we have the discretion whether to accept or reject such multiple applications.

If you (being other than an approved nominee company) have submitted an application for the Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be liable to be rejected at our discretion.

If you have made an application for Placement Shares, and you have also made a separate application for Public Offer Shares either by way of an Application Form or through an Electronic Application, we shall have the discretion to either (i) reject both of such separate applications or (ii) accept any one (but not the other) out of such separate applications.

Conversely, if you have made an application for Offer Shares either by way of an Application Form or through an Electronic Application, and you have also made a separate application for Placement Shares, we shall have the discretion to either (i) reject both of such separate applications or (ii) accept any one (but not the other) out of such separate applications.

Joint applications shall be rejected. If you submit or procure submissions of multiple share applications for Public Offer Shares, Placement Shares or both, you may be deemed to have committed an offence under the Penal Code (Chapter 224) of Singapore and the Securities and Futures Act, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be liable to be rejected at the discretion of the Company and the Vendor.

8. You may apply and make payment for the Public Offer Shares in Singapore currency in the following manner:
 - (i) **Cash only** — You may apply for the Public Offer Shares using only cash. Each application must be accompanied by a cash remittance in Singapore currency of the full amount payable in respect of the number of Public Offer Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made

out in favour of “**COURTS ASIA LTD SHARE ISS AC**” crossed “**A/C PAYEE ONLY**” with your name, CDP Securities Account number and address written clearly on the reverse side. We will not accept applications accompanied by ANY OTHER FORM OF PAYMENT. We will reject remittances bearing “NOT TRANSFERABLE” or “NON TRANSFERABLE” crossings. No acknowledgement or receipt will be issued by the Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, or the Public Offer Coordinator for applications and application monies received.

- (ii) **CPF Funds only** — You may apply for the Public Offer Shares using only CPF Funds. Each application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Public Offer Shares applied for. The remittance must be in the form of a **CPF CASHIER’S ORDER** (available for purchase at the CPF agent bank with which the applicant maintains his CPF Investment Account), made out in favour of “**COURTS ASIA LTD SHARE ISS AC**”) with your name, CPF Investment Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. For additional terms and conditions governing the use of CPF Funds, please refer to page K-22 of this Prospectus.
- (iii) **Cash and CPF Funds** — You may apply for the Public Offer Shares using a combination of cash and CPF Funds, PROVIDED THAT the number of Public Offer Shares applied for under each payment method is in lots of 1,000 Public Offer Shares or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that applications for the Public Offer Shares are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Public Offer Shares must use either cash only or CPF Funds only. No acknowledgement of receipt will be issued for applications and application monies received.

- 9. The Company and the Vendor will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and applicants whose address (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers.

No person acting or purporting to act on behalf of a deceased person is allowed to apply under the deceased’s Securities Account with CDP at the time of application.

- 10. The Company and the Vendor will not recognise the existence of a trust. Any application by a trustee must be made in his own name and without qualification. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies, in each case, after complying with paragraph 11 below.
- 11. **THE COMPANY AND THE VENDOR WILL ONLY ACCEPT NOMINEE APPLICATIONS FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

12. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if your application is by way of an Application Form), or you will not be able to complete your Electronic Application (if your application is by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect CDP Securities Account number, your application is liable to be rejected. Subject to paragraph 13 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and Securities Account number, provided in your Application Form or in the case of an Electronic Application, contained in the records of the relevant Participating Bank, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than 1 individual direct Securities Account with CDP, your application shall be rejected.
13. **Notwithstanding paragraph 12, if your address stated in the Application Form or, in the case of an Electronic Application, in the records of the relevant Participating Bank is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.**
14. The Prospectus and its accompanying documents (including these Instructions and the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of the Prospectus and its accompanying documents (including these Instructions and the Application Form) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither the Prospectus (including its accompanying documents (including these Instructions and the Application Form)) nor any copy thereof may be taken, transmitted, published or distributed, directly or indirectly, in whole or in part, into or in the United States or to any U.S. Person (as defined in Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), including any U.S. resident, or any partnership or corporation organized or incorporated under the laws of the United States or any state or territory thereof, or any trust of which any trustee is a U.S. person, or any agency or branch of a foreign entity located in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Prospectus and its accompanying documents (including these Instructions and the Application Form) are not an offer of, or invitation by or on behalf of our Company or the Vendors to subscribe for and/or purchase, securities for sale in the United States nor are they an offer or invitation by or on behalf of our Company to subscribe for and/or purchase securities in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such an offer or invitation, including U.S. persons within the meaning of Regulation S. The Offering Shares may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act. Our Company does not intend to register any portion of the Offering Shares in the United States or conduct a public offering of securities in the United States.

The Offering Shares are being offered outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in offshore transactions in reliance on Regulation S.

For a further description of certain restrictions on the offer, sale or transfer of our Shares, see "Plan of Distribution — Distribution and Selling Restrictions".

The Company and the Vendor reserve the right to reject any applications for Offering Shares where the Company or the Vendor believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving the Prospectus or its accompanying documents (including these Instructions and the Application Forms) may treat the same as an offer or invitation to subscribe for and/or purchase any Offering Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

- 15. The Company and the Vendor reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn or improper form of remittance. The Company and the Vendor further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus, the instructions set out in the Application Forms or the instructions for the Electronic Applications and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
16. The Company and the Vendor reserve the right to reject or accept any application in whole or in part, or to scale down or ballot any application, without assigning any reason therefore, and no enquiry and/or correspondence on the decision will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment and/or allocation, due consideration will be given to the desirability of allotting and/or allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate and orderly market for our Shares.
17. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Offering Shares allotted to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares allotted to you. This authorisation applies to applications made by way of printed Application Forms and by way of Electronic Applications.
18. In the event that the Company lodges a supplementary or replacement prospectus ("Relevant Document") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Offering, and the Offering Shares have not been issued, we will (as required by law) at the Company's sole and absolute discretion either:
 - (a) within 2 days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
 - (b) within 7 days of the lodgment give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

- (c) deem your application as withdrawn and cancelled and refund your application moneys (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 18(a) and (b) above to withdraw his application for the Offering Shares shall, within 14 days from the date of lodgment of the Relevant Document, notify us whereupon we shall, within 7 days from the receipt of such notification, return all moneys in respect of such application (without interest or any share of revenue or other benefit arising therefrom) to you and at your own risk.

In the event that at any time at the time of the lodgment of the Relevant Document, the Offering Shares have already been issued but trading has not commenced, we will (as required by law), at the Company's sole and absolute discretion, either:

- (i) within 2 days (excluding Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Company the Offering Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
- (ii) within 7 days of the lodgment give you a copy of the Relevant Document and provide you with an option to return the Offering Shares; or
- (iii) deem the issue as void and refund your payment for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom) within 7 days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 18(i) and (ii) above to return the Offering Shares issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Offering Shares, whereupon we shall, within 7 days from the receipt of such notification and documents, pay to him all moneys paid by him for the Offering Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Offering Shares issued to him shall be void.

Additional terms and instructions applicable upon the lodgment of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw your application or return the Offering Shares allotted to you, may be found in such supplementary or replacement prospectus.

19. By completing and delivering an Application Form and, in the case of an Electronic Application, by (in the case of an ATM Electronic Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM, (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant key on the IB website screen in accordance with the provisions herein, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of Offering Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such Offering Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and the Memorandum of Association of the Company;
 - (b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the ATMs of the Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

- (c) agree that the aggregate Offering Price for the Offering Shares applied for is due and payable to the Company;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Company in determining whether to accept your application and/or whether to allot any Offering Shares to you; and
 - (e) agree and warrant that if the laws of any jurisdiction outside Singapore are applicable to your application, you have complied with such laws and none of the Company, Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator will infringe any such laws as a result of the acceptance of your application.
 - (f) agree and confirm that you are outside the United States; and
 - (g) understand that the Offering Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Offering Shares in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
20. The Offering Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager following consultation with the Company and the Vendor.
21. You consent to the disclosure of your name, NRIC/Passport number, address, nationality, permanent resident status, Securities Account number, CPF Investment Account number (if applicable) and share application amount from your account with the relevant Participating Bank to the Share Registrar, SCCS, SGX-ST, CDP, the Company and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offering Shares allotted to you pursuant to your application, to the Company, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, and/or any other parties so authorised by CDP, the Company and the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or transmission or delivery of data relating to Electronic Applications.
22. Acceptance of applications will be conditional upon, *inter alia*, the Company being satisfied that:
- (a) permission has been granted by the SGX-ST for the listing of and quotation for all our Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares) and the Pre-IPO Plan Shares and the Plan Shares on the Main Board of the SGX-ST;
 - (b) no Stop Order has been issued by the Authority under the Securities and Futures Act which directs that no or no further shares to which this Prospectus relates be allotted or issued; and
 - (c) the Underwriting Agreement referred to in the section entitled, “**Plan of Distribution**” of the Prospectus, have become unconditional and have not been terminated.

23. In the event that a stop order in respect of the Offering Shares is served by the Authority or other competent authority, and
- (a) the Offering Shares have not been issued, we will (as required by law) deem all applications withdrawn and cancelled and the Company shall refund the application moneys (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or
 - (b) If the Offering Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void, and:
 - (i) if documents purporting to evidence title had been issued to you, the Company shall, inform you to return such documents to the Company within 14 days from that date; and
 - (ii) we will refund the application moneys (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the date of receipt of those documents (if applicable) or the date of the stop order, whichever is later.

This shall not apply where only an interim stop order has been served.

24. In the event that an interim stop order in respect of the Offering Shares is served by the Authority or other competent authority, no Offering Shares shall be issued to you until the Authority revokes the interim stop order.
25. The Authority is not able to serve a stop order in respect of the Offering Shares if the Offering Shares have been issued and listed on a securities exchange and trading in them has commenced.
26. In the event of any changes in the closure of the Application List or the time period during which the Offering is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet on the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a local newspaper(s).
27. The Company and the Vendor will not hold any application in reserve.
28. The Company and the Vendor will not allot or allocate any Shares on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus by the Authority.
29. Additional terms and conditions for applications by way of Application Forms are set out on pages K-9 to K-12 of this Prospectus.
30. Additional terms and conditions for applications by way of Electronic Applications are set out on pages K-13 to K-21 of this Prospectus.
31. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Public Offer Shares by way of an Public Offer Shares Application Form or by way of an Electronic Application or such other forms of applications as the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager deem appropriate.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on the terms and subject to conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under this Appendix, **“TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES UNDER THE PUBLIC OFFER”** on pages K-1 to K-8 of this Prospectus, as well as the Memorandum and Articles of Association of the Company.

1. Your application must be made using the **WHITE** Public Offer Shares Application Form and **WHITE** official envelopes “A” and “B” for Public Offer Shares accompanying and forming this part of this Prospectus. Without prejudice to the rights of the Company and the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, have been authorised to accept for and on behalf of the Company and the Vendor, such other forms of application, as Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager may deem appropriate.
2. Please note and carefully follow the detailed instructions contained in the Application Form and this Prospectus. **Our Company and the Vendor reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn or improper forms of remittance.**
3. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
4. All spaces in the Application Form except those under the heading **“FOR OFFICIAL USE ONLY”** must be completed and the words **“NOT APPLICABLE”** or **“N.A.”** should be written in any space that is not applicable.
5. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual and you are completing the Application Form under the hand of an official, you must state the name and capacity in which that official signs. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutional documents must be lodged with the Share Registrar. We reserve the right to require you to produce documentary proof of identification for verification purposes.
6.
 - (a) You must complete Sections A and B and sign page 1 of the Application Form.
 - (b) You are required to delete either paragraph 8(a) or 8(b) on page 1 of the Application Form. Where paragraph 8(a) is deleted, you must also complete Section C of the Application Forms with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 8(a) or 8(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

7. You may apply and make payment for the Public Offer Shares in Singapore currency in the following manner:
- (i) **Cash only** — You may apply for the Public Offer Shares using only cash. Each application must be accompanied by a cash remittance in Singapore currency of the full amount payable in respect of the number of Public Offer Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**COURTS ASIA LTD SHARE ISS AC**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. We will not accept applications accompanied by ANY OTHER FORM OF PAYMENT. We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by our Company or the Issue Manager, Underwriter and Public Offer Coordinator for applications and application monies received.
 - (ii) **CPF Funds only** — You may apply for the Public Offer Shares using only CPF Funds. Each application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Public Offer Shares applied for. The remittance must be in the form of a **CPF CASHIER'S ORDER** (available for purchase at the CPF agent bank with which the applicant maintains his CPF Investment Account), made out in favour of "**COURTS ASIA LTD SHARE ISS AC**") with your name, CPF Investment Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. For additional terms and conditions governing the use of CPF Funds, please refer to page K-22 of this Prospectus.
 - (iii) **Cash and CPF Funds** — You may apply for the Public Offer Shares using a combination of cash and CPF Funds, PROVIDED THAT the number of Public Offer Shares applied for under each payment method is in lots of 1,000 Public Offer Shares or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that applications for the Public Offer Shares are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Public Offer Shares must use either cash only or CPF Funds only. No acknowledgement of receipt will be issued for applications and application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned to you by ordinary post (without interest or any share of revenue or other benefit arising therefrom) within 24 hours of balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. If the completion of the Offering does not occur because permission from the SGX-ST is not granted or for any other reason, monies paid in respect of any application accepted will be returned to you at your own risk (without interest or any share of revenue or other benefit arising therefrom). In the event that the Offering is cancelled by us following the termination of the Management and Underwriting Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 5 Market Days of the termination of the Offering. In the event that the Offering is cancelled by us following the issuance of a Stop Order by the Authority or any competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.

9. By completing and delivering the Application Form, you agree that

- (a) in consideration of the Company and the Vendor having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 11 October 2012 or such other time or date as the Company and the Vendor may, in consultation with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, decide and by completing and delivering the Application Form:
 - (i) your application is irrevocable;
 - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (iii) you represent and agree that you are located outside the United States.
- (b) all applications, acceptances and contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (c) in respect of Public Offer Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of us and not otherwise, notwithstanding any remittance being presented for payment by us;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of the Company, the Sole Global Coordinator, Bookrunner, the Underwriter and Issue Manager and the Public Offer Coordinator or any other person involved in the Offering shall have any liability for any information not so contained;
- (f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account Number (if applicable) and share application amount to our Share Registrar, CDP, CPF, SCCS, SGX-ST, the Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator or other authorised operators;
- (g) you irrevocably agree and undertake to subscribe for and/or purchase the number of Public Offer Shares applied for as stated in the Application Form or any smaller number of such Public Offer Shares that may be allotted and/or allocated to you in respect of your application. In the event that the Company and the Vendor decides to allot and/or allocate a smaller number of Public Offer Shares or not to allot and/or allocate any Public Offer Shares to you, you agree to accept such decision as final; and
- (h) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Public Offer Shares that may be allotted and/or allocated to you.

Applications for Public Offer Shares

1. Your application for Public Offer Shares **MUST** be made using the **WHITE** Public Offer Shares Application Form and **WHITE** official envelopes "A" and "B". **ONLY 1 APPLICATION** should be enclosed in each envelope.

2. You must:
- (a) enclose the **WHITE** Public Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** envelope “A” provided;
 - (b) in the appropriate spaces on **WHITE** envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Public Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage if despatching by ordinary post;
 - (c) SEAL **WHITE** envelope “A”;
 - (d) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD #02-00, SINGAPORE 068898**, the number of Public Offer Shares for which the application is made; and
 - (e) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B”, affix adequate Singapore postage on **WHITE** envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to TRICOR BARBINDER SHARE REGISTRATION SERVICES, 80 ROBINSON ROAD #02-00, SINGAPORE 068898, so as to arrive by 12.00 noon on 11 October 2012 or such other time and date as the Company and Vendor may, in consultation with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Managers, decide. Local Urgent Mail or Registered Post must NOT be used.**
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.
4. No acknowledgement of receipt will be issued for any application or remittance received.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks (the “Steps”). For illustration purposes, the procedures for Electronic Applications at ATMs or IB website of UOB Bank are set out in the “Steps for Electronic Applications through ATMs and the IB Website of UOB Group” appearing on pages K-18 to K-21. The actions that you must take at ATMs of other Participating Banks are set out on the ATM screens of the relevant Participating Banks. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in the Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Shares through an ATM or the IB website of a Participating Bank.

Applicants applying for the Public Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs of that Participating Bank. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to another Participating Bank. The Steps set out the actions that you must take at ATMs of UOB Bank to complete an Electronic Application. The actions that you must take at ATMs of other Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (the “Transaction Record”), confirming the details of your ATM Electronic Application. The Transaction Record is for retention by you and should not be submitted with any printed Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use an ATM card issued in your own name or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

For an Internet Electronic Application, you must have a bank account with and a User Identification ID (“**User ID**”) and a Personal Identification Number (“**PIN**”) given by the relevant Participating Banks. Upon completion of your Internet Electronic Application through the IB website of UOB, there will be an onscreen confirmation (“**Confirmation Screen**”) of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

You must ensure, when making an Internet Electronic Application, that your mailing address selected for application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected. You shall make an Electronic Application on the terms, and subject to the conditions, of this Prospectus including but not limited to the terms and conditions appearing below and those set out under this section as well as the Memorandum of Association and Articles of our Company.

Your Electronic Application shall be made on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under this Annexure on “**TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES UNDER THE PUBLIC OFFER**” on pages K-1 to K-8 as well as our Memorandum of Association.

1. In connection with your Electronic Application, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) **that you have received a copy of this Prospectus and have read, understood and agreed to all the terms and conditions of application for Public Offer Shares in this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**
 - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, Securities Account number, CPF Investment Account number (if applicable) and share application amount (the “Relevant Particulars”) from your account with that Participating Bank to the Share Registrar, CDP, CPF, SCCS, the SGX-ST, the Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator (the “Relevant Parties”); and**
 - (c) **that the Electronic Application made is your only application for Public Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website. By doing so, you shall be treated as signifying your confirmation of each of the 3 statements. In respect of statement 1(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **By making an Electronic Application, you confirm that you are not applying for Public Offer Shares as nominee of any other person and that any Electronic Application that you make is the only application made by you as beneficial owner. You shall make only 1 Electronic Application for Public Offer Shares and shall not make any other application for Public Offer Shares, whether at the ATMs or the IB website (if any) of any Participating Bank or on the Application Forms. Where you have made an application for Public Offer Shares on an Application Form, you shall not make an Electronic Application for Public Offer Shares and *vice versa*.**
3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed. **Any Electronic Application made at the ATMs of the relevant Participating Banks which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs of the relevant Participating Banks through which the Electronic Application is being made shall be rejected.**

You may apply and make payment for the Public Offer Shares in Singapore currency in the following manner:

- (i) **Cash only** — You may apply for the Public Offer Shares through any ATM or IB website (as the case may be) of your Participating Bank by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.
- (ii) **CPF Funds only** — You may apply for the Public Offer Shares through any ATM or IB website (as the case may be) of your CPF Agent Bank using only CPF Funds by

authorising your CPF Agent Bank to deduct the full amount payable from your CPF Investment Account with the respective CPF Agent Bank. For additional terms and conditions governing the use of CPF Funds, please refer to page K-22 of this Prospectus.

- (iii) **Cash and CPF Funds** — You may apply for the Public Offer Shares through any ATM or IB website (as the case may be) of your CPF Agent Bank using a combination of cash and CPF Funds, PROVIDED THAT the number of Public Offer Shares applied for under each payment method is in lots of 1,000 Offer Shares or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that such applications are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.
4. You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Shares applied for as stated on the Transaction Record or any lesser number of Public Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that we decide to allot and/or allocate any lesser number of such Public Offer Shares or not to allot and/or allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM) or clicking “Continue” or “OK” or any other relevant key on the IB website, as the case may be of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allotted to you and your agreement to be bound by our Memorandum of Association.
 5. The Company and the Vendor will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.
 6. Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.
 7. **Responsibility for timely refund of application monies from unsuccessful or partially unsuccessful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank or CPF Agent Bank as to the status of your Electronic Application and/or the refund of any monies to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares allotted to you, if any, before trading Public Offer Shares on the SGX-ST. Neither the SGX-ST, CDP, the CPF Board, SCCS, the Participating Banks, we nor the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator assume any responsibility for any loss that may be incurred as a result of your having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.**
 8. If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.

9. If your Electronic Application is made through an ATM or the IB website of one of the following Participating Banks, you may check the provisional results of your Electronic Application as follows:

Bank	Telephone	Channels	Operating hours	<u>Service expected from</u>
UOB Group	1 800 222 2121	ATM ("Other Transactions" — "IPO Enquiry")/Internet Banking http://www.uobgroup.com ⁽¹⁾	24 hours a day	Evening of the balloting day
DBS Bank	1 800 339 6666 (POSB account holders) 1800 111 1111 (DBS Bank account holders)	Internet Banking www.dbs.com ⁽²⁾	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM/Internet Banking/Phone Banking http://www.ocbc.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) If you have made your Electronic Application through the ATMs or IB website of the UOB Group, you may check the results of your Electronic application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking Services.
 - (2) Applicants who have made Internet Electronic Applications through the IB website of DBS or mBanking Applications through the mobile banking interface of DBS may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS.
 - (3) If you have made your Electronic Application through the ATMs of IB website of OCBC Bank, you may check the results of your Electronic application through the same channels listed in the table above.
10. Electronic Applications shall close at 12.00 noon on 11 October 2012 or such other time and date as the Company and the Vendor may, in consultation with the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager decide.
11. You are deemed to have requested and authorised us to:
- (a) register Public Offer Shares allotted to you in the name of the CDP for deposit into your Securities Account with CDP;
 - (b) send the relevant share certificate(s) to the CDP;
 - (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies in Singapore currency, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, as the case may be, with the relevant amount within 24 hours of balloting; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore dollar, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, as the case maybe, with the relevant amount within 14 days after the close of the Application List.

12. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, the Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator and the CPF Board and if, in any such event, the Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, the Public Offer Coordinator and the CPF Board and/or the relevant Participating Bank do not record or receive your Electronic Application, or data relating to your Electronic Application or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against us, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager and the Public Offer Coordinator and the CPF Board and/or the relevant Participating Bank for Public Offer Shares applied for or for any compensation, loss or damage.
13. The Company and the Vendor do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name(s) and without qualification. Our Company will reject any Electronic Application by any person acting as nominee except those made by approved nominee companies only.
14. All particulars in the records of your Participating Bank or CPF Agent Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank or CPF Agent Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank or CPF Agent Bank.
15. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank or CPF Agent Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and/or allocation and other correspondence from the CDP will be sent to your address last registered with CDP.
16. By making and completing an Electronic Application, you are deemed to have agree that:
- (a) In consideration of the Company making available the Electronic Application facility, through the Participating Banks or CPF Agent Bank as the agents of the Company, at the ATMs and IB websites (if any):
 - (i) your Electronic Application is irrevocable;
 - (ii) your Electronic Application, the acceptance by the Company, and the contract resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the nonexclusive jurisdiction of the Singapore courts;
 - (b) neither the Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter and Issue Manager, the Public Offer Coordinator, the Participating Banks, the CPF Board nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 12 above or to any cause beyond their respective controls;
 - (c) in respect of Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any payment received by or on behalf of the Company;

- (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and
- (e) in making your application, reliance is placed solely on the information contained in this Prospectus and none of the Company, the Vendor, the Sole Global Coordinator, Bookrunner, Underwriter, the Joint Issue Manager and the Public Offer Coordinator or any other person involved in the Offering shall have any liability for any information not so contained.

Steps for Electronic Applications Through ATMs and the IB Website of the UOB Group

Instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the Participating Banks. For illustration purposes, the steps for making an Electronic Application through the ATMs or IB website of UOB Group are shown below. Certain words appearing on the screen are in abbreviated form (“a/c”, “appln”, “ESA”, “no.” and “&” refer to “account”, “application”, “electronic share application”, “number” and “and”, respectively). Instructions for Electronic Applications appearing on the ATM screens of the other Participating Banks may differ from those represented below.

Owing to space constraints on UOB Group’s ATM screens, the following terms will appear in abbreviated form:

“&”	: and
“CDP”	: The Central Depository (Pte) Limited
“CPF”	: Central Provident Fund Board
“IC”	: NRIC
“SCCS”	: Securities Clearing & Computer Services (Pte) Ltd
“UOB CPFIS”	: UOB or CPF Investment Scheme

Steps for Electronic Application through the ATMs of UOB Group

- Step 1 : Insert your personal Unicard, Uniplus card or UOB Visa/Master card and key in your personal identification number.
- 2 : Select **“CASH CARD/OTHER TRANSACTIONS”**.
- 3 : Select **“SECURITIES APPLICATION”**.
- 4 : Select the share counter which you wish to apply for.
- 5 : Read and understand the following statements which will appear on the screen:

— **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENTS**

(Press **“ENTER”** to continue)

- PLEASE CALL 1800-22-22-121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT
- WHERE APPLICABLE, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT

(Please press **"ENTER"** key to confirm that you have read and understood the above statements.)

6 : Read and understand the following terms which will appear on the screen:

- YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENTS/ SUPPLEMENTARY DOCUMENT & THIS ELECTRONIC APPLICATION
- YOU CONSENT TO DISCLOSE YOUR NAME, IC/PASSPORT, NATIONALITY, ADDRESS, APPLICATION AMOUNT, CPF INVESTMENT ACCOUNT NUMBER & CDP ACCOUNT NUMBER FROM YOUR ACCOUNTS TO CDP, CPF, SCCS, SHARE REGISTRARS, SGX-ST AND ISSUER/VENDOR(S)
- THIS IS YOUR ONLY FIXED PRICE APPLICATION & IS IN YOUR NAME & AT YOUR RISK

(Please press **"ENTER"** to confirm)

7 : Screen will display:

NRIC/Passport Number 12345678B

IF YOUR NRIC NUMBER/PASSPORT NUMBER IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.

(Press "CANCEL" or "CONFIRM")

- 8 : Select mode of payment i.e. **"CASH ONLY"**, **"CPF only"** OR **"Cash & CPF"**. You will be prompted to select Cash Account type to debit (i.e., **"CURRENT ACCOUNT/I-ACCOUNT"**, **"CAMPUS ACCOUNT"** OR **"SAVINGS ACCOUNT/TX ACCOUNT"**). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.
- 9 : After you have selected the account, your CDP Account number will be displayed for you to confirm or change. (This screen with your CDP Account number will be shown for applicants whose CDP Account number is already stored in the ATM system of UOB). For an applicant who is using UOB's ATM for the first time to apply for securities, the CDP Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Account number.

10 : Read and understand the following terms which will appear on the screen:

1. **YOU ARE REQUIRED TO ENTER YOUR CDP ACCOUNT NUMBER FOR YOUR FIRST IPO/SECURITIES APPLICATION. THIS ACCOUNT NUMBER WOULD BE DISPLAYED FOR FUTURE APPLICATIONS.**
2. **DO NOT APPLY FOR JOINT ACCOUNT HOLDER OR THIRD PARTIES.**
3. **PLEASE ENTER YOUR OWN CDP ACCOUNT NUMBER (12 DIGITS) & PRESS ENTER.**

If you wish to terminate the transaction, please press the **"CANCEL"** key.

11 : Key in your Securities Account number (12 digits) and press the **"ENTER"** key.

12 : Select your nationality status.

13 : Key in the quantity of securities you wish to apply for and press the **"ENTER"** key.

14 : Check the details of your Electronic Application on the screen and press **"ENTER"** key to confirm your Electronic Application.

15 : Select **"NO"** if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Owing to space constraints on UOB Group's IB website screens, the following terms will appear in abbreviated form:

"CDP" : The Central Depository (Pte) Limited

"CPF" : The Central Provident Fund

"NRIC" or "I/C" : National Registration Identity Card

"PR" : Permanent resident

"SGD" : Singapore Dollars

"SCCS" : Securities Clearing & Computer Services (Pte) Ltd

"SGX" : Singapore Exchange Securities Trading Limited

Steps for Internet Electronic Application through the IB website of UOB Group

Step 1 : Connect to UOB website at <http://www.uobgroup.com>.

2 : Locate the Login icon "UOB Online Services Login" on the top right hand corner.

3 : Click on Login and at the drop list select "UOB Personal Internet Banking".

4 : Enter your Username and Password and click **"Submit"**. You are required to key in your SMS-OTP password if you are using your mobile phone or Token-OTP password if you are using a Token Device.

- 5 : Select EPS/Securities/CPFIS and at the drop list select **"Securities — Securities Application"**.
- 6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.
- 7 : Click **"Continue"**.
- 8 : Select your country of residence (you must be residing in Singapore to apply), and click **"Continue"**.
- 9 : Select the Securities counter from the drop list, and click **"Submit"**.
- 10 : Check the Securities counter and select the mode of payment and account number to debit and click on **"Submit"**.
- 11 : Read the important instructions and click on **"Continue"** to confirm that:
 1. **You have read, understood and agreed to all the terms of this application and Prospectus/Document or Supplementary Document.**
 2. **You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the securities registrars, SGX, SCCS, CDP, CPF Board, issuer/vendor(s).**
 3. **This application is made in your own name, for your own account and at your own risk.**
 4. **For Fixed/MAX price securities application, this is your only application. For Tender price securities application, this is your only application for at the selected tender price.**
 5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following. The application monies will be debited from your bank account in SGD, based on the Bank's exchange profit or loss, or application monies may be debited and refunds credited in SGD at the same exchange rate.**
 6. **For 1st-Come-1st Serve securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**
- 12 : Check your personal details, details of the securities counter you wish to apply for and account to debit.

Select: (a) "Nationality"

Enter: (b) your CDP Securities Account number; and

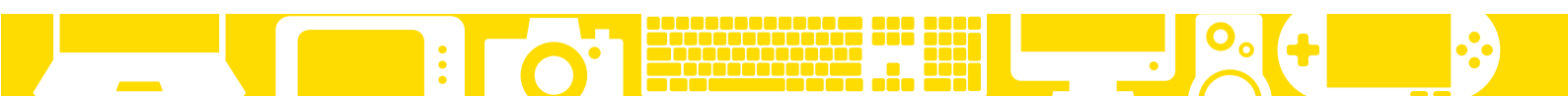
(c) the number of securities applied for using cash.

Click **"Submit"**
- 13 : Check your personal particulars (name, NRIC/Passport number and nationality), details of the securities counter you wish to apply for, CDP Securities Account number, account to debit and number of securities applied for.
- 14 : Click **"Confirm"**, or **"Edit"**.
- 15 : Print the Confirmation Screen (optional) for your reference and retention only.

Terms and Conditions for Use of CPF Funds

1. If you are using CPF Funds to subscribe for the Offering Shares, you must have a CPF Investment Account maintained with a relevant Participating Bank at the time of your application. If you are applying for the Public Offer Shares through an ATM Electronic Application, you must have an ATM card with that Participating Bank at the time of your application before you can use the ATMs of that Participating Bank to apply for the Public Offer Shares. For an Internet Electronic Application, you must have an existing bank account with, and a User Identification ("User ID") as well as a Personal Identification Number ("PIN") given by, the relevant Participating Bank. Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be a Transaction Completed Screen of the application which can be printed out by you for your record. This printed record of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form. The CPF Investment Account is governed by the Central Provident Fund (Investment Schemes) Regulations, as amended.
2. CPF Funds may only be withdrawn for applications for the Offering Shares in lots of 1,000 Offering Shares or integral multiples thereof.
3. If you are applying for the Offering Shares using a printed Application Form and you are using CPF Funds to apply for the Offering Shares, you must submit a CPF Cashier's Order for the total amount payable for the number of Offering Shares applied for using CPF Funds.
4. Before you apply for the Offering Shares using your CPF Funds, you must first make sure that you have sufficient funds in your CPF Investment Account to pay for the Offering Shares. You need not instruct the CPF Board to transfer your CPF Funds from your CPF Ordinary Account to your CPF Investment Account. If the balance in your CPF Investment Account is insufficient and you have sufficient investible CPF Funds in your CPF Ordinary Account, the Participating Bank with which you maintain your CPF Investment Account will automatically transfer the balance of the required amount from your CPF Ordinary Account to your CPF Investment Account immediately for you to use these funds to buy a CPF Cashier's Order from your Participating Bank in the case of an application by way of a printed Application Form or submit your application in the case of an application by way of an Electronic Application. The automatic transfer facility is available until the close of the Public Offer, and the operating hours of the facility are between 8.00 a.m. and 10.00 p.m. from Mondays to Saturdays, and between 8.00 a.m. and 5.00 p.m. on Sundays and public holidays.
5. The special CPF securities sub-account of the nominee company of the Participating Bank (with whom you maintain a CPF Investment Account) maintained with CDP will be credited with the principal amount of the Offering Shares you subscribed for with CPF Funds.
6. Where you are using CPF Funds, you cannot apply for the Offering Shares as nominee for any other person.
7. All instructions or authorizations given by you in a printed Application Form or through an Electronic Application are irrevocable.
8. CPF Investment Accounts may be opened with any branch of the Participating Banks.

All information furnished by the CPF Board and the relevant Participating Banks on your authorization will be relied on as being true and correct.



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