



# Annual Report

Powermatic Data Systems Limited

2018



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## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

Dr Chen Mun  
Chairman/CEO  
Ms Katherine Ang Bee Yan

#### Non-Executive Directors

Mr Yee Lat Shing, Tom  
Independent Director  
Dr Lye Kin Mun  
Independent Director  
Mr David Tan Chao Hsiung  
Independent Director

### AUDIT COMMITTEE

Mr Yee Lat Shing, Tom  
Chairman  
Dr Lye Kin Mun  
Mr David Tan Chao Hsiung

### NOMINATING COMMITTEE

Dr Lye Kin Mun  
Chairman  
Mr Yee Lat Shing, Tom  
Mr David Tan Chao Hsiung

### REMUNERATION COMMITTEE

Mr David Tan Chao Hsiung  
Chairman  
Mr Yee Lat Shing, Tom  
Dr Lye Kin Mun

### COMPANY SECRETARY

Ms Wong Yoen Har

### REGISTERED OFFICE

9 Harrison Road  
#05-01  
Singapore 369651  
Tel: +65 6288 8220  
Fax: +65 6280 9947

### SHARE REGISTRAR

Boardroom Corporate & Advisory  
Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Tel: +65 6536 5355

### AUDITORS

RSM Chio Lim LLP  
8 Wilkie Road, #03-08  
Wilkie Edge  
Singapore 228095  
Tel: +65 6533 7600  
Fax: +65 6594 7811

### AUDIT PARTNER-IN-CHARGE

Ms See Ling Ling, Helen  
Effective from year ended  
31 March 2018

### PRINCIPAL BANKERS

United Overseas Bank Limited  
80 Raffles Place UOB Plaza 1  
Singapore 048624

## SUBSIDIARY COMPANIES

### Compex Technologies Pte. Ltd.

9 Harrison Road,  
#05-01  
Singapore 369651  
Tel: (65) 6288 8220  
Fax: (65) 6280 9947  
[www.powermatic.com.sg](http://www.powermatic.com.sg)

### Compex Inc.

20653 Lycoming St Unit A7  
Walnut, Ca 91789  
United States  
Tel: 1.909.217.3998  
Fax: 1.909.256.0675

### Compex Systems Pte Ltd

9 Harrison Road,  
#05-01  
Singapore 369651  
Tel: (65) 6288 8220  
Fax: (65) 6280 9947  
[www.compex.com.sg](http://www.compex.com.sg)

### 宝华电子(苏州)有限公司

No.12, ChuangTou Industrial Square  
LouFeng North  
Suzhou Industrial Park, Suzhou  
People's Republic of China 215122  
Tel: (86) 512 6295 0050  
Fax: (86) 512 6295 0028

### 苏州康培网络产品有限公司

No.12, ChuangTou Industrial Square  
LouFeng North  
Suzhou Industrial Park, Suzhou  
People's Republic of China 215122  
Tel: (86) 512 6295 0050  
Fax: (86) 512 6295 0028



## CHAIRMAN'S STATEMENT

**We believe the vision of future connectivity – with virtually unlimited number of things that can be connected will spur growth for our core wireless connectivity products business. There are hurdles to cross, costs pressure to manage but we are excited on what the future will lead us to.**

Dear shareholders, on behalf of the board of directors (the board), I have the pleasure to present to you the annual report of Powermatic Data Systems Limited (the Company) and its subsidiaries (the Group) for financial year ended 31 March 2018.

### Financial and Business Review

Amid the tough challenges of intense price competition, shortage of production materials, rising wages and other operating costs, the Group, driven by the moderate but steady growth of its core wireless connectivity business, succeeded in delivering yet another year of profitability.

Revenue  
S\$16.136 million  
↑ 5% from  
FY2017 S\$15.432 million

Gross Profit  
S\$8.132 million  
↑ 18% from  
FY2017 S\$6.888 million

Profit before tax  
S\$5.305 million  
↑ 13% from  
FY2017 S\$4.679 million

Overall revenue grew 5% year-on-year as global demand for reliable wireless devices and solutions continued to surge. Gross profit margin improved from 44.6% in FY2017 to 50.4% in FY2018 due primarily to the increase in service income in FY2018. Our ability to provide not only standard hardware but also customised hardware cum software designs as well as total integrated solutions have enabled us to enjoy healthy gross profit margins. The improvement in margins was

also helped by a reversal of slow moving stock provision made in FY2017 following the successful releasing of the “pushed-back” order to a customer.

Our effort in developing the Asian markets came into fruition in FY2018. We managed to add several new customers with high purchasing volume to our client list. Asia markets accounted for 37% of the total revenue, followed by Europe 32%, USA 26% and other regions 5%.

## CHAIRMAN'S STATEMENT

The Group during the period under review, saw substantial improvement in working capital – current assets less current liabilities – from S\$23.7 million as at 31 March 2017 to S\$26.1 million as at 31 March 2018. Cash and cash equivalent increased from 25.9 million to 27.3 million at the respective balance sheet dates.

The Group adopted the cost model to measure its investment property. The carrying value, including the self-occupied freehold office unit, was S\$19.144 million as at 31 March 2018. Fair market value as determined by Colliers International Consultancy and Valuation (Singapore) Pte Ltd, was S\$33.65 million. The excess of fair market value over carrying value was not recognised in the Group's balance sheet. The property is unencumbered.

Earnings per share on a fully diluted basis rose 0.97 cents from 11.97 cents in FY2017 to 12.94 cents in FY2018 and net asset per share without taking into consideration the excess of fair value of the investment property over its book value, increased 4% from S\$1.51 in FY2017 to S\$1.57 in FY2018.

### Business Review

FY2018 has been a challenging yet fulfilling year for our core wireless connectivity business. The shortage of capacitors, resistors and other component parts, disrupted the wireless device manufacturing industry not only in costs but also in the way of production planning, inventory buffering and product

delivery timelines. The proliferation of devices suppliers also means keen competition amongst the players. Our versatile business models and the high value add business has given us added advantage over our competitors.

Our years of research and development efforts had come into fruition. The two patents on 4x4 wave 2 wireless module we filed in FY2018 in China were approved in April 2018, giving us a good platform to market our proprietary products.

### Our outlook

We believe the vision of future connectivity – with virtually unlimited number of things that can be connected will spur growth for our core wireless connectivity products business. There are hurdles to cross, costs pressure to manage but we are excited on what the future will lead us to.

### Property

Industrial property rental market remained subdued in the year under review. A combination of over supply and lacklustre demand continued to exert downward pressure on rents and occupancy rates.

Against this backdrop, rental income declined 8% while property expenses rose 1%, resulting in a 16% dip in property profit year-on-year.

Based on research by Colliers International, industrial property rents show sign of bottoming out, rents are expected to stabilise with stronger leasing demand in FY 2019.

The Group operations currently occupies about 10 per cent of total rentable area, the remaining rentable space is fully tenanted to third parties.

### Dividends

The Group would continue to share its success with shareholders. It is proposing a first and final dividend of 5.0 cents per share and a special dividend of 2.0 cents per share. The total dividend payable represents 46 per cent of the Group's profit before taxation for FY2018. The dividends proposed will be subjected to shareholders' approval at the upcoming Annual General Meeting.

### Acknowledgement

On behalf of the Board, I would like to extend my appreciation to our shareholders, customers, employees and business partners for their support in making FY2018 a profitable year for us.

We will continue to work closely with our customers, business partners, management and employees to achieve a better and profitable year ahead. I look forward to your continued support.

Dr Chen Mun  
Chairman/CEO

## WIRELESS CONNECTIVITY PRODUCTS BY THE GROUP

### WHAT WE DO



### PROBLEMS WE SOLVE

**Joint hardware development**  
with customers to provide wireless solutions to meet their market requirements.

**Develop customized wireless OS, Network Management Solutions and wireless drivers**  
to meet customers' requirements.

Meeting strict wireless engineering and design requirements from Fortune

**500**  
Company

**Shorter Time to Market**  
Wireless devices and software are designed to be readily implemented and customizable to customers' individual needs for shorter time to market.

# WIRELESS CONNECTIVITY PRODUCTS BY THE GROUP

## PRODUCT APPLICATIONS BY CUSTOMERS

**Industrial PC**  
Our Industrial Grade wireless radio modules have been utilised in Industrial computers designed to transmit crucial data to servers.

**Healthcare**  
Our wireless radio modules have been integrated into healthcare products to provide wireless connectivity for easier access of patients' database.

**Transportation Industry**  
Our wireless embedded boards have been used to provide public hotspots on public transportation.

**Factory Automation Industry**  
Our wireless radio modules have been utilized in factory application such as power meters and robots to increase productivity.

**Security Industry**  
Our outdoor access points have been deployed to provide live feed transmission across long distances for remote surveillance.

## PRODUCT INSTALLATION BY CUSTOMERS



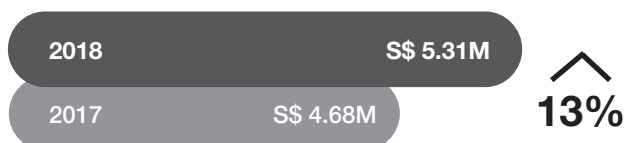


## GROUP FINANCIAL HIGHLIGHTS

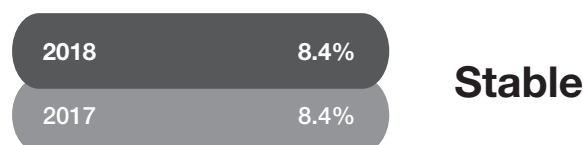
### OPERATING REVENUE



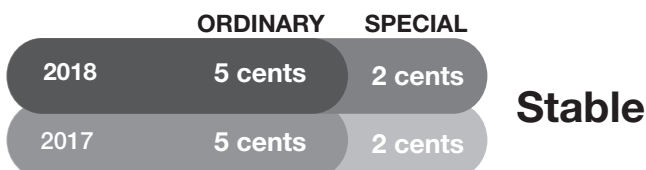
### PROFIT BEFORE TAX



### RETURN ON EQUITY



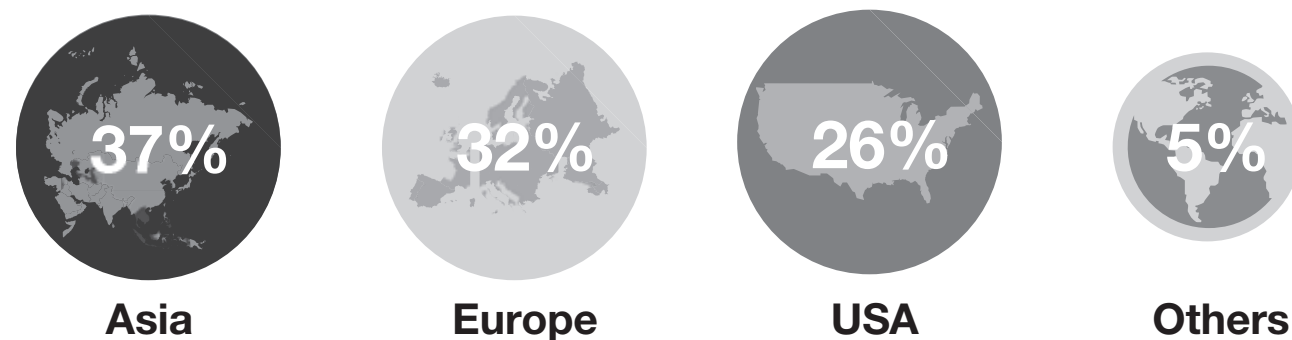
### DIVIDEND PER SHARE <sup>(1) (2)</sup>



(1) To commemorate the 25th anniversary of listing on the SGX main board, a special dividend of 2 cent per ordinary share was declared for FY 2017.

(2) To share profit on improved performance with shareholders, a special dividend of 2 cent per ordinary share was declared for FY 2018.

### SALES BY GEOGRAPHICAL REGION FOR FY2018



### GLANCE OVER 5 YEARS

	2014	2015	2016	2017	2018
Revenue (S\$ million)	15.1	14.3	15.5	15.4	16.1
Profit before tax (S\$ million)	2.41	3.12	3.21	4.68	5.31
Earnings per share (S¢) – diluted	5.85	7.73	8.10	11.97	12.94
Dividend per share paid (S¢)	5	5	5	7	7
Dividend paid as percentage of profit before tax (%)	72	57	54	52	46
Net assets value per share with investment property and freehold office unit stated at carrying cost (S\$)	1.27	1.35	1.36	1.51	1.57
Net assets value per share with investment property and owner occupied property stated at fair value (S\$)	1.74	1.79	1.77	1.91	1.98
Staff head count (In Numbers)	79	78	79	74	76

## PROFILE OF DIRECTORS

### CHEN MUN

*Chairman & CEO*

Dr Chen Mun is the Chairman and Chief Executive Officer of the Group. He is also the founder of Powermatic Data Systems Limited and is responsible for spearheading the Company's Research and Development programs as well as growth strategies of the Group.

Prior to the founding of Powermatic, Dr Chen was a senior lecturer in the then University of Singapore. Dr Chen holds a bachelor's degree in engineering from the University of Singapore and received a Ph.D. in engineering from the Imperial College, University of London.

### KATHERINE ANG BEE YAN

*Executive Director*

Ms Katherine Ang Bee Yan joined Compex Systems Pte Ltd, a wholly-owned subsidiary of Powermatic Data Systems Limited in 2003 as Director of Sales & Marketing and Operations. She is currently the General Manager of Compex Systems Pte Ltd. She manages both the operations in Singapore and China.

On 1 July 2011, Ms Katherine Ang is appointed as an Executive Director of Powermatic Data Systems Limited. Ms Ang has over 20 years of experience in the Sales & Marketing, Operations and Business Development. She plays an instrumental role in overseeing the Group's local and overseas projects and is responsible for the overall business development.

### YEE LAT SHING, TOM

*Independent Director and Chairman of Audit Committee*

Mr Yee is a Singapore Chartered Accountant and was a partner of Ernst & Young, an international accounting firm, from 1974 to 1989. He has more than 35 years of experience in the field of accounting and auditing and extensive experience in handling major audit assignments of public listed and private companies in various industries, including insurance, manufacturing and retailing.

He is currently a consultant. Mr Yee also sits on the boards of several listed companies namely Bonvest Holdings Limited and Pacific Century Regional Developments Limited. He is also a fellow member of the Singapore Institute of Directors.

### LYE KIN MUN

*Independent Director and Chairman of Nominating Committee*

Dr Lye Kin Mun holds a B.Sc. with distinction from the University of Alberta, Canada, in 1974, M.Eng. from the University of Singapore in 1979 and Ph.D. from the University of Hawaii at Manoa, U.S.A. in 1984 all in electrical engineering and was a Colombo Plan Scholar from 1970-74.

He is currently Chief Risk Officer, Agency for Science, Technology and Research (A\*STAR). He was Executive Director of the Institute for Infocomm Research, (A\*STAR), and has been Director of the Centre for Wireless Communications, National University of Singapore from 1993 to 2002.

Dr Lye has over 40 years of experience in industry as well as teaching.

Dr Lye has also served on the Boards of Singapore Polytechnic and Ngee Ann Polytechnic. He was a Director of Cellonics Inc., a startup company he co-founded. He was a consultant to several companies in the networking and wireless communications industry and sat on many national technical committees. Prof Lye was a Member of the Board on Global Science and Technology of the National Research Foundation, U.S.A. He was also a member of the Asia-Pacific Cadence Advisory Board and Advisory Committee for Next Generation Mobile Networks Project, Communications Research Lab., Japan.

Dr Lye also serve as Chairman of the Strategic Programmes Review Panel of the Science and Engineering Research Council, A\*STAR, and Expert Assessor for the Australian Research Council's Discovery Projects. In 2005, he was conferred the title "Officier dans l'ordre des Palmes Academiques" by the French government. He was also awarded the Public Administration Medal (Silver) at the National Day Awards 2013 by the President of the Republic of Singapore.

### DAVID TAN CHAO HSIUNG

*Independent Director and Chairman of Remuneration Committee*

David Tan has over 20 years of senior management experience in the banking and finance industry and had held positions in both local and foreign financial institutions. He is also a Non-Executive and Lead Independent Director of Mun Siong Engineering Limited.

David Tan holds a Master in Commerce (specialising in Finance) from the University of New South Wales and a Bachelor of Economics from Macquarie University. He is also a Fellow of the Institute of CPA (Australia).

## CORPORATE GOVERNANCE REPORT

Powermatic Data Systems Limited continues to uphold high standards of corporate governance and strives to develop procedures and policies consistent with best business practice so as to enhance corporate transparency and protect interest of shareholders.

The following report outlines the Company's corporate governance processes and structures that were in place throughout the financial year with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). Except where compelling reasons require otherwise, the Company believes it has complied with the Code.

### Board of Directors

Currently, the members of the Board are:

Dr Chen Mun	<i>Chairman and Chief Executive Officer</i>
Ms Katherine Ang Bee Yan	<i>Executive Director</i>
Mr Yee Lat Shing, Tom	<i>Independent Director</i>
Dr Lye Kin Mun	<i>Independent Director</i>
David Tan Chao Hsiung	<i>Independent Director</i>

### BOARD MATTERS

#### The Board's Conduct of Affairs (Principle 1)

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its success.

The primary functions of the Board include:

1. Providing entrepreneurial leadership, setting key strategic objectives and ensuring necessary financial and human resources are in place for the Company to meet those objectives;
2. Establishing a framework for the oversight of prudent and effective risk management and internal controls, including financial, operational, compliance and information technology controls;
3. Reviewing management performance;
4. Approving annual budget, major investments and divestments and funding proposals; and
5. Providing oversight in the proper conduct of the Company's business and assuming responsibility for good corporate governance to protect the Company's assets and enhancing long-term value of the Company for its shareholders.

The Board functions are either carried out by the Board or delegated to the various Committees established by the Board, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

The Board ensures the decisions made by the Directors are objectively in the interest of the Company.

## CORPORATE GOVERNANCE REPORT

The Board is familiar with the Group's business and governance practices. The Directors also receive updates and relevant briefings, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

A formal letter of appointment is provided to all new Directors. The letter indicates the amount of time commitment required and the scope of duties. The Company has adopted a policy that welcomes the Directors to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or businesses from the Management. Newly appointed Directors will be considered for appropriate training and orientation programmes to familiarize them with the operations of the Company and its major business processes. The Company is responsible for funding regular training for the Company's Directors from time to time.

The Company does not have any alternate Director.

The Board conducts regular meetings, which are scheduled in advance each year. Meetings of Board and Board Committees are supplemented by circular resolutions, which are accompanied by relevant explanations and supporting documents. The Board meets at least twice a year at regular intervals. The Company's Constitution allows Board meetings to be conducted by way of a tele-conference or any other electronic means of communication.

The number of Board and Committee meetings held during the financial year ended 31 March 2018 ("FY2018") and the attendance of each Board member at those meetings are as follows:

Meetings of:	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>No. of Meetings held in FY2018</b>	2	2	1	1
<b><u>Name &amp; Attendance of Director</u></b>				
Dr Chen Mun	2	2*	1*	1*
Ms Katherine Ang Bee Yan	2	2*	1*	1*
Mr Yee Lat Shing, Tom	2	2	1	1
Dr Lye Kin Mun	2	2	1	1
Mr David Tan Chao Hsiung	2	2	1	1

\* by invitation

### Board Composition And Guidance (Principle 2)

The Board comprises two Executive Directors and three Independent Non-Executive Directors. The Board's structure, size and composition are reviewed annually by the NC who is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations, to facilitate effective decision making.

The three Independent Directors currently represent more than 50% of the Board. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

Although Mr Yee Lat Shing, Tom, Dr Lye Kin Mun and Mr David Tan have served on the Board for more than nine years from the date of their first appointments. The NC has conducted a rigorous review of their independence and contributions to the Board to determine if they still remained independent and carry out their duties objectively.

## CORPORATE GOVERNANCE REPORT

The opinion was arrived at after careful assessment and rigorous reviews by the NC and the Board (save for Mr Yee Lat Shing, Tom, Dr Lye Kin Mun and Mr David Tan). The rigorous reviews comprised reviews of but not limited to, the following factors:

- (a) the lengths of services of Mr Yee Lat Shing, Tom, Dr Lye Kin Mun and Mr David Tan have not compromised the objectivities of Independent Directors and their commitments and abilities to discharge their duties as Independent Directors;
- (b) the abilities of Independent Directors to continue exercising independent judgement in the best interests of the Company, as they do not have any relationship with the Company, its related corporations, substantial shareholders or its officers which could materially impair their exercises of judgements;
- (c) the abilities of the Independent Directors to express their objectives and independent views during Board and Board Committee meetings; and
- (d) the Independent Directors, through their years of involvements with the Company, have gained valuable insights and understandings of the Group's business and together with their diverse experiences and expertises, have contributed and will continue to contribute effectively as Independent Directors by providing impartial and autonomous views at all times.

In the determination of their independence, they have abstained themselves respectively when it comes to the determination of their own independence. The strong independent element on the Board ensures that it is able to exercise objective and independent judgment on corporate affairs. The NC is satisfied that the Board comprises Directors who as a group provide core competencies such as accounting, finance, business and management experience, industry knowledge, and customer-based experience and knowledge. The NC and the Board are of the view that, given the commercial experience and academic qualifications of each of its members, its composition of Directors is well-balanced.

The NC conducts an annual review on the composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive. Having reviewed and considered the composition of the Board and its committees, the NC has determined that the current Board size and structure are adequate for the existing business operations of the Company.

The composition of the Board and its Committees is set out below:

Director	Nature of Board Member	Committee Membership		
		Audit	Nominating	Remuneration
Dr Chen Mun	Chairman & Chief Executive Officer	–	–	–
Ms Katherine Ang Bee Yan	Executive	–	–	–
Mr Yee Lat Shing, Tom	Independent	Chairman	Member	Member
Dr Lye Kin Mun	Independent	Member	Chairman	Member
Mr David Tan Chao Hsiung	Independent	Member	Member	Chairman

Members of the Board are constantly in touch with the Management to provide advice and guidance on strategic issues and on matters for which their expertise will be constructive to the Group.

## CORPORATE GOVERNANCE REPORT .....

### **Role Of Chairman And Chief Executive Officer (Principle 3)**

Dr Chen Mun, who is both the Chairman and Chief Executive Officer (“CEO”) of the Company, leads the Board. This practice has been carried on since inception and he leads the Board meetings because of his in-depth knowledge of the Group’s operations as well as his excellent relationship with the customers, suppliers and other external parties that carry on business with the Group.

Dr Chen Mun is responsible for the proper workings of the Board which include the scheduling of meetings, setting of Board meeting agenda in consultation with the Company Secretary, exercising of control over quality and timeliness of information flow between the Management and the Board, managing the business of the Board and Board Committees, monitoring the translation of the Board’s decision and wishes into executive actions and is assisted by the three Board Committees in ensuring compliance with the Company’s guidelines on corporate governance.

The Board has a strong independent group of Directors to look after shareholders’ interests. Day-to-day running of business operations are delegated to key senior executives while the Chairman focuses on long term and strategic plans of the Company.

The Board is mindful of the desirability of separating the two functional positions. However, it believes that vulnerability of the dual roles, if any, is considerably lessened by the checks and balances energetically exercised by a board that comprises majority of independent directors. In practice, all major decisions made by the Executive Chairman are reviewed by the independent directors and reported to the Board.

The NC and the Board unanimously support Dr Chen Mun’s role as both Chairman and CEO. The Board is of the view that the current single leadership arrangement works well; in particular it does not hinder the decision-making process of the Company unnecessarily.

### **Board Membership (Principle 4) Board Performance (Principle 5)**

#### Nominating Committee

The NC comprises three members, all of whom, including the Chairman, are Independent Directors. The composition of the NC is as follows:

Dr Lye Kin Mun (Chairman)  
Mr Yee Lat Shing, Tom  
Mr David Tan Chao Hsiung

The principal functions of the NC are:

1. To review the structure, size and composition of the Board and make recommendations to the Board;
2. To identify candidates and reviews all nominations for appointment of new directors, determining whether or not such nominee has the requisite qualifications, set up a process for the selection of such appointments and recommends all appointments of directors to the board and board committees. Accordingly, in selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. In doing so, the NC will have to regard to the results of the annual appraisal of the Board’s performance. The NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities;

## CORPORATE GOVERNANCE REPORT

3. To re-nominate and re-elect director for re-appointment, having regard to the directors' contribution and performance;
4. To identify gaps in the mix of skills, experience and other qualities required in an effective Board;
5. To review the independence of each Director annually;
6. To decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple Board representations; and
7. To review training and professional development programs for the Board

The terms of reference of the NC have been amended to be in line with the recommendation of the Code.

The NC met once in FY2018.

Key information on the Directors is set out below and on page 8 of this Annual Report.

<b>Name of Director</b>	<b>Age</b>	<b>Directorship (a) Date first appointed (b) Date last re-elected</b>	<b>Due for re-election at next AGM</b>
Chen Mun	70	(a) 1 February 1989 (b) NA	–
Katherine Ang Bee Yan	54	(a) 1 July 2011 (b) 25 July 2017	–
Yee Lat Shing, Tom	83	(a) 1 June 1992 (b) 25 July 2016	Retiring pursuant to Article 99
Dr Lye Kin Mun	66	(a) 1 February 1993 (b) 25 July 2017	–
David Tan Chao Hsiung	56	(a) 24 March 2008 (b) 25 July 2016	–

The NC determines the independence of Board members. It reviews at least annually, whether an existing or new director is considered independent bearing in mind the Code's definition. Mr Yee, Dr Lye and Mr Tan have served on the Board for more than nine years. The NC has conducted a rigorous review of their independence and contributions to the Board for FY2018 to determine if they still remained independent and carry out their duties objectively. Given their combined strength of character, wealth of business, working experience and professionalism in carrying out their duties, the NC had found Mr Yee, Dr Lye and Mr Tan suitable to continue to act as Independent Directors. In the determination of Mr Yee's, Dr Lye's and Mr Tan's independence, all of them have abstained themselves respectively when it comes to the determination of their own independence. The Board has accepted the NC's recommendation that both Mr Yee, Dr Lye and Mr Tan were considered independent.

In accordance with the Constitution of the Company, new Directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company and one-third of the Directors, other than the CEO, must retire by rotation at each AGM and they shall be available for re-election. The retiring Directors are eligible to offer themselves for re-election/re-appointment.



## CORPORATE GOVERNANCE REPORT .....

The NC has recommended the nomination of Mr Yee Lat Shing, Tom retiring pursuant to Article 99 of the Constitution of the Company for re-election at the forthcoming AGM.

Mr Yee Lat Shing, Tom, will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested. Mr Yee Lat Shing, Tom, had duly abstained from making recommendation on his own nomination.

The NC has guidelines addressing competing time commitments faced when Directors serve on multiple listed company boards or have other principal commitments. All Directors are required to declare their Board Representations. The NC has reviewed and is satisfied that the directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge his duties as director of the Company.

Further, it sets objective performance criteria and the measurement processes to evaluate the overall performance of the Board once a year. A Board performance evaluation was carried out to assess and evaluate amongst other things, the Board's composition, size and expertise, timeliness of information, accountability and processes, internal control & risk management, and standards of conduct. The NC has reviewed the evaluation for FY2018 and is satisfied with the contributions by the Directors to the effectiveness of the Board.

Following the review, the Board is of the view that the Board and its board committees operate effectively.

### **Access To Information (Principle 6)**

Management places a high priority on providing timely and accurate information to the Board on an on-going basis, in order for the directors to discharge their duties efficiently and effectively. Board members receive quarterly management reports pertaining to the operational and financial performance of the Company and its subsidiaries. The Board will also be updated on industry trends and developments. Board members will receive all Board papers not less than five days in advance of the meeting to enable them sufficient time to fully consider and deliberate issues to be considered at the meetings.

The Board has at all times separate and independent access to the Management and Company Secretary, and are entitled at all times to request for any additional information needed to make informed decisions. Similarly, key Management staff, the Company's auditors or external consultants are invited to attend Board and Board Committee meetings to update and provide independent professional advice on specific issues, where necessary.

The Directors have also been provided with the contact numbers and email particulars of the Company's senior management and the Company Secretary to facilitate access to any required information. The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that Board procedures are followed and that rules and regulations are complied with. Further, the Company Secretary also assists in coordinating the flow of information within the Board and its Committees as well as between the Management and the Board. She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes.

The appointment and removal of the Company Secretary are subject to the Board's approval.

Should the Directors, whether as a group or individually, need independent professional advice, such advice will be sought with the Board's approval and the professional expense will be borne by the Company.



## CORPORATE GOVERNANCE REPORT

### REMUNERATION MATTERS

#### Procedures For Developing Remuneration Policies (Principle 7)

#### Level And Mix Of Remuneration (Principle 8)

#### Disclosure On Remuneration (Principle 9)

The RC comprises three members, all of whom, including the Chairman, are Independent Directors. The composition of the RC is as follows:

Mr David Tan Chao Hsiung (Chairman)  
Mr Yee Lat Shing, Tom  
Dr Lye Kin Mun

The responsibilities of RC are:

1. to ensure a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors, CEO and key management. RC's recommendations will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. RC's review cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
2. to review remuneration of employees related to Executive Directors and controlling shareholders of the Company and the Group and that these commensurate with their respective job scopes and responsibilities;
3. to recommend the Directors' fees of Non-Executive Directors to the Board based on their level of contribution taking into account factors such as effort, time spent and responsibilities;
4. to review the service contracts and terms of employment of the Executive Directors and key management; and
5. to administer the Company's Employees' Share Option Scheme ("ESOS"). The ESOS seeks to reward and retain Directors and employees whose services are vital to the well-being and success of the Group and also to align interests of employees with that of the shareholders. Details of the ESOS are disclosed in the Directors' Report.

The terms of reference of the RC have been amended to be in line with the recommendation of the Code.

The remuneration structure of the Executive Directors and key executives consist of both fixed and variable components. The variable component is performance related and is linked to the Group's performance as well as individual's performance. Such performance-related remuneration is designed to align with the interests of shareholders.

The Executive Directors have service contracts and do not receive directors' fees. Their compensations consist of salary, bonuses, options and performance awards that are dependent on the performance of the Group. The Executive Directors' service contracts are subject to review every two or three years. The RC is of the view that the Directors' service contracts are not excessively long or with onerous removal clauses.

The Independent Directors are compensated through directors' fees. Directors' fees comprise a basic retainer fee and fees in respect of service on Board Committees. These fees are subject to shareholders' approval at the AGM.

## CORPORATE GOVERNANCE REPORT .....

Each member of the RC refrains from voting on any resolutions in respect of the assessment of his own remuneration and no RC member or Director is involved in deciding his own fee.

The RC met once in FY2018. The remunerations of the Executive Directors are reviewed by the RC. The NC, together with the RC, decides on the specific remuneration package for an Executive Director upon recruitment. Thereafter, the RC reviews subsequent increments, bonuses and allowances where these payments are discretionary. No Director or member of the RC is involved in deciding his own remuneration. The RC reviews what compensation commitments the Executive Directors' service contracts would entail in the event of early termination by either the Company or Executive Directors giving to the other at least two months' prior written notice.

The RC will seek expert advice on remuneration of all directors, if necessary.

### DISCLOSURE OF REMUNERATION OF DIRECTORS AND KEY EXECUTIVES

A breakdown showing the level and mix of each Individual Director and key executive's remuneration in percentage terms is set out below and relates to actual payments made during the year and accordingly includes bonus paid during the year in respect of previous year's performance.

	Fee %	Salary %	Bonus %	Other Benefits %	Total %
<b>DIRECTORS</b>					
<u>Below \$250,000</u>					
Chen Mun	–	89.17	10.83	–	100
Katherine Ang Bee Yan	–	71.04	28.96	–	100
Yee Lat Shing, Tom	100	–	–	–	100
Lye Kin Mun	100	–	–	–	100
David Tan Chao Hsiung	100	–	–	–	100

### TOP FIVE KEY MANAGEMENT PERSONNEL (WHO ARE NOT DIRECTORS OR CEO)

<u>Below \$250,000</u>					
Chua Geok Cheok Molly	–	86.41	13.59	–	100
Ang Lay Hoon	–	88.78	11.22	–	100
Yaw Thiam Teng	–	88.81	11.19	–	100
Alex Tiong Yui Khing	–	96.04	3.96	–	100
Remy Liaw Wei Ming	–	85.98	14.02	–	100

The Board is of the opinion that the remuneration details of individual Director and key executives (who are also not Directors) are confidential and for competitive reasons only their remuneration mix is disclosed as per the table above. The annual aggregate amount of the total remuneration paid to the top five Key Management Personnel (who are not Directors or CEO) was approximately S\$997,000 (FY2017: S\$898,000).

## CORPORATE GOVERNANCE REPORT

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Group CEO or the top five Key Management Personnel in FY2018.

### **REMUNERATION OF EMPLOYEE WHO IS AN IMMEDIATE FAMILY OF DIRECTOR(S)**

There is no immediate family member of a director, CEO or substantial shareholders in employment with the Group and whose remuneration exceeds S\$50,000 for the financial year ended 31 March 2018, except for Ms Yvonne Ang Lay Hoon, Operations Manager, who is the sister of Ms Katherine Ang Bee Yan, Executive Director of the Company. Ms Yvonne Ang Lay Hoon received remuneration that is between S\$50,000 – S\$100,000.

### **POWERMATIC DATA SYSTEMS EMPLOYEES' SHARE OPTION SCHEME 2013**

The Company has adopted the Powermatic Data Systems Employees' Share Option Scheme 2013 (the "2013 Scheme"), which was approved by the shareholders at the Extraordinary General Meeting held on 25 July 2013.

The 2013 Scheme is a share incentive scheme designed to acknowledge the contributions made by the employees and to give recognition to such employees by giving them the opportunity to have a personal stake in the Company and to attract, motivate and retain talented staff for the Company's domestic and international operations.

Under the rules of the 2013 Scheme, all directors and full-time employees of the group are eligible to participate in the Scheme except for employee or director who is also a controlling shareholder or an associate of a controlling shareholder. Employees of the Company's associated companies are not eligible under the Scheme. The Company has no associated companies as at 31 March 2018.

The 2013 Scheme is administered by the Remuneration Committee comprising of Mr Tan Chao Hsiung, David (Chairman) and two other independent directors of the Company, Dr Lye Kin Mun and Mr Yee Lat Shing, Tom.

Information on 2013 Scheme is set out in the Statement by Directors on pages 23 and 24.

### **ACCOUNTABILITY AND AUDIT**

#### **Accountability (Principle 10)**

In presenting the annual financial statements and half-yearly result announcements to shareholders, it is the responsibility of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Management provides all members of the Board with detailed management accounts of the Group's performance, cash position and prospects on a quarterly basis. The Board reviews and approves the results as well as any announcements before its release. Shareholders are provided with the half-yearly and the annual financial reports no later than 45 days and 60 days respectively from the end of the reporting periods.

# CORPORATE GOVERNANCE REPORT .....

In presenting the annual financial statements and half-yearly announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of the company’s performance, position and prospects. This responsibility is extended to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

### **Risk Management and Internal Controls (Principle 11)**

The Management has put in place an internal control and risk management system to safeguard shareholders’ investment and company’s assets.

The system of internal control provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen in the light of current business environment and its inherent risks.

The Group, with the help of Internal Auditors, has done up a documentation on its risk profile which summarizes the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the AC and the Board. The documentation provides an overview of the Group’s key risks, how they are managed, and the various assurance mechanisms in place. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process.

On an annual basis, the internal auditors prepare the internal audit plan approved by the AC. The audit plan takes into consideration the risks identified in the risk profile document and the audits are conducted to assess the adequacy and the effectiveness of the Group’s risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. The AC reviews these reports and ensures that appropriate and timely counter-measures are taken by Management as part of its continuous improvement efforts to further enhance its internal control systems and practices. A copy of the report is also issued to the relevant subsidiaries for their follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses on financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

The Company does not have a CFO. The Board has received assurance from the CEO and the Group Finance Manager that as at 31 March 2018:

- (a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2018 give a true and fair view of the Group’s operations and finances; and
- (b) the systems of internal controls and risk management in place were adequate and effective as at 31 March 2018, to address financial, operational, compliance and information technology controls, and risk management systems of which considered relevant and material to its operations.

## CORPORATE GOVERNANCE REPORT

Based on internal control and risk management systems established and maintained by the Group, work performed by external and internal auditors and periodic reviews (by Management, the Board and various Board Committees), the Board, with concurrence of the AC, is of the opinion that the Group's internal control and risk management systems were adequate and effective as at 31 March 2018 to address the risks relating to financial, operational, compliance and information technology controls.

### **Audit Committee (Principle 12)**

The AC comprises three members, all of whom are independent of Management. The terms of reference of the AC were amended to be in line with the recommendation of the Code. The Board is of the view that the members of the AC have sufficient financial management expertise and experience and are qualified to discharge the AC functions. The AC is responsible for carrying out the following primary functions:

1. assisting the Board in discharging its statutory responsibilities on financial and accounting matters;
2. reviewing audit plans of the external and internal auditors and evaluating the reports issued by the external and internal auditors from their examination of the Company's internal control system that are relevant to their audits;
3. reviewing the financial and operating results of the Group and the Company in compliance with accounting policies and assistance given by the Management to its auditors;
4. reviews interim and annual announcement of results of the Group and the Company before submission to the Board for approval;
5. reviewing the adequacy and effectiveness of the Company's internal control (financial, operational, compliance and information technology controls) and risk management policies and systems established by the management;
6. reviewing the financial statements of the Group and the Company before submission to the Board;
7. reviewing interested party transactions;
8. reviewing the independence of external auditors annually and consider the appointment or re-appointment of external auditors and matters relating to the resignation or removal of the auditors and approve the remuneration and terms of engagement of the external auditors;
9. nominating external auditors for re-appointment; and
10. approving the appointment of internal auditors.

The Group has complied with Rule 712 and Rule 716 of the Listing Manual issued by Singapore Exchange Securities Limited.

The AC has full access to and co-operation of Management, has full discretion to invite any Director or executive officer to attend the meetings and has been given reasonable resources to enable it to discharge its functions. Minutes of the meetings are circulated to the Board for its information.

The Company has in place a Whistle Blowing Policy ("the Policy") for the Group, which provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Policy was to assist the AC in managing allegations of fraud or other misconduct which may have been made, so that investigations are carried out in an appropriate and timely manner; administrative, disciplinary and civil actions that are initiated following the completion of the investigations, are appropriate and fair; and actions are taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence.

## CORPORATE GOVERNANCE REPORT .....

Apart from formal meetings, the Chairman and various members of the AC will hold informal meetings and discussions with the Management as and when necessary. Members of the AC have independent access to both external and internal auditors. The AC met with both internal and external auditors once without the presence of management in FY2018.

The AC has reviewed the audit and non-audit services provided by the external auditors, Messrs RSM Chio Lim LLP. The audit service fee incurred during the reporting year is as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees on audit services paid or payable to		
– Auditors of the company	92	92
– Other auditors <sup>#</sup>	31	34
Total	<u>123</u>	<u>126</u>

# Includes a member firm of RSM International

There were no non-audit services provided by the external auditors of the Company during the reporting year.

The AC is satisfied that the independence of the external auditors is not impaired and recommends to the Board, the re-appointment of Messrs RSM Chio Lim LLP as the external auditors of the Company.

### Internal Audits (Principle 13)

The Group has outsourced its internal audit function to Messrs Nexia TS. The internal auditor reports directly to the chairman of the AC on audit matters. Any non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has the necessary resources to adequately perform its functions.

### Shareholders' Rights and Responsibilities (Principles 14, 15 & 16)

The Company does not practise selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

Any major or material developments are first disseminated via SGXNET followed by a press release, whenever necessary.

Price sensitive information is first publicly released, either before the Group meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period.

All shareholders of the Company will receive the Annual Report and Notice of AGM. The AGM of the Company provides a principal forum for dialogue and interaction with shareholders. At each AGM, the Board encourages shareholders to participate in the question-and-answer session. Committee Chairpersons, Members of the Board and the external auditors of the Company are present to answer questions raised at the AGM.

## CORPORATE GOVERNANCE REPORT

Shareholders have the opportunity to participate effectively in and to vote at general meetings of Shareholders. The Board noted that voting by poll is compulsory since August 2015 and voting at all forthcoming AGMs will be conducted by way of poll pursuant to Listing Rule 703A(2) of the Listing Manual of the SGX-ST. Announcement on the poll results will be released after the AGM via SGXNet.

The Company's Constitution provides that Shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

The Company will review its Constitution from time to time and make amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the continuing obligations.

The Company does not have any dividend policy. However, depending upon the Group's operating results, financial conditions, other cash requirements including capital expenditure, terms of borrowing arrangements and other factors deemed relevant by the Directors, the Company does consider positively the payment of annual dividend.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and management. These are available to shareholders upon their request.

### **Material Contracts**

There are no material contracts or loans of the Company or its subsidiaries involving the interests of the Executive Director, each Director or Controlling shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### **Interested Person Transactions**

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

During the financial year ended 31 March 2018, the Company did not enter into any interested person transaction which aggregate value exceeds \$100,000.

### **Securities Transactions**

The Company has adopted its own internal compliance code to provide guidance to its Directors and officers in relation to their dealings in the Company's securities. Its Directors and officers are advised not to deal in the Company's shares during the period commencing six weeks before the announcement of the Company's half-year and full-year results and ending on the day after the public release of such results. The Company emphasizes that the law on insider trading is applicable at all times, notwithstanding the window periods for dealing in the shares.

Directors and officers are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group and Company and on consideration of a short-term nature. The Board is satisfied with the Group's commitment in compliance with its own internal compliance code and Rule 1207(19) of the Listing Manual of SGX-ST.

Directors and officers are also encouraged not to deal in the Company's securities on short-term considerations.

## STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 March 2018.

### 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

### 2. DIRECTORS

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

Dr Chen Mun  
Ang Bee Yan, Katherine  
Yee Lat Shing, Tom  
Dr Lye Kin Mun  
Tan Chao Hsiung, David

### 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	At beginning of the reporting year	At end of the reporting year
<b>Powermatic Data Systems Limited</b>	<b>Number of shares of no par value</b>	
Dr Chen Mun	19,427,932	19,427,932
Ang Bee Yan, Katherine	2,874,800	2,874,800
Yee Lat Shing, Tom	–	40,000
Tan Chao Hsiung, David	40,000	40,000



## STATEMENT BY DIRECTORS

### 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and companies in which interests are held	At beginning of the reporting year	At end of the reporting year
	Number of option shares granted under the 2013 ESOS at an exercise price of \$0.71 per share	
<b>Powermatic Data Systems Limited</b>		
Yee Lat Shing, Tom	40,000	–

By virtue of section 7 of the Act, Dr. Chen Mun is deemed to have an interest in all related body corporates of the company.

The directors' interests as at 21 April 2018 were the same as those at the end of the reporting year.

### 4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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 except as mentioned below.

### 5. OPTIONS

The "Powermatic Data Systems Employees' Share Option Scheme 2013" (the "2013 Scheme") was approved by shareholders of the company at an Extraordinary General Meeting held on 25 July 2013. The 2013 Scheme is a share incentive scheme designed to acknowledge the contributions made by the directors and employees and to give recognition to such directors and employees by giving them the opportunity to have a personal stake in the company and to attract, motivate and retain talented staff for the company's domestic and international operations.

Under the rules of the 2013 Scheme, all directors and full-time employees of the group are eligible to participate in the scheme except for employee or director who is also a controlling shareholder or an associate of a controlling shareholder. Employees of the company's associated companies are not eligible under the 2013 Scheme. The company has no associated companies at 31 March 2018.

The aggregate number of shares over which options may be granted shall not exceed 15% of the issued share capital of the company on the day immediately preceding the offer date of the option.

The offer price shall be equal to the average of the last dealt price for a share for the three consecutive trading days immediately preceding the offer date.

## STATEMENT BY DIRECTORS

### 5. OPTIONS (CONT'D)

The 2013 Scheme is administered by the Remuneration Committee comprising Tan Chao Hsiung, David (Chairman) and two other independent directors of the company, namely, Lye Kin Mun and Yee Lat Shing, Tom.

During the reporting year, 83,000 options were exercised. There was no options granted.

The number of options granted and outstanding at the end of the reporting year was:

<u>Offer date</u>	<u>Name of scheme</u>	<u>Balance at 1.4.2017</u>	<u>Exercised</u>	<u>Expired</u>	<u>Balance at 31.3.2018</u>	<u>Offer price per share</u>	<u>Exercisable period</u>
20.02.2014	2013	40,000	(40,000)	–	–	71 cents	20.02.2015 – 20.02.2019
20.02.2014	2013	97,000	(43,000)	–	54,000	71 cents	20.02.2015 – 20.02.2024
		<u>137,000</u>	<u>(83,000)</u>	<u>–</u>	<u>54,000</u>		

Particulars of directors of the company who received options under the 2013 Scheme are as follows:

<u>Name of directors</u>	<u>Number of options</u>	<u>Options granted during reporting year 2014</u>		<u>Aggregate options granted since commencement of scheme to 31.3.2018</u>	<u>Aggregate options exercised since commencement of scheme to 31.3.2018</u>	<u>Aggregate options outstanding as at 31.3.2018</u>
		<u>Exercised price per share</u>	<u>Exercisable period</u>			
Ang Bee Yan, Katherine	100,000	71 cents	20.02.2015 – 20.02.2024	100,000	(100,000)	–
Yee Lat Shing, Tom	40,000	71 cents	20.02.2015 – 20.02.2019	40,000	(40,000)	–
Tan Chao Hsiung, David	40,000	71 cents	20.02.2015 – 20.02.2019	40,000	(40,000)	–
				<u>180,000</u>	<u>(180,000)</u>	<u>–</u>

Particulars of employees of the company who received 5% or more of the total options under the 2013 Scheme are as follows:

<u>Name of employees</u>	<u>Aggregate options granted since commencement of scheme to 31.3.2018</u>	<u>Aggregate options exercised since commencement of scheme to 31.3.2018</u>	<u>Aggregate options outstanding as at 31.3.2018</u>
Yaw Thiam Teng	100,000	(100,000)	–
Chang Qiang	100,000	(100,000)	–
Wu Tian Yee	100,000	(100,000)	–
Ang Lay Hoon	90,000	(90,000)	–
Molly Chua	90,000	(90,000)	–
	<u>480,000</u>	<u>(480,000)</u>	<u>–</u>

Except as disclosed above, there were no shares of the company or other body corporate in the group issued by virtue of the exercise of an option to take up unissued shares during the reporting year and there were no unissued shares under option at the end of the reporting year.

## STATEMENT BY DIRECTORS

### 6. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

### 7. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Yee Lat Shing, Tom	(Chairman of audit committee, independent and non-executive director)
Dr Lye Kin Mun	(Independent and non-executive director)
Tan Chao Hsiung, David	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The audit committee has recommended to the board of directors that RSM Chio Lim LLP be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

### 8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROL

Based on the internal controls and risk management systems established and maintained by the company, periodic reviews performed by management, other committees of the board and the board, and work performed by the independent internal and external auditors, the board with concurrence of the audit committee, is of the opinion that the company's internal control and risk management systems were adequate as at 31 March 2018 to address the risks relating to financial, operational, compliance and information technology controls.

STATEMENT BY  
**DIRECTORS** .....

**9. SUBSEQUENT DEVELOPMENTS**

There are no significant developments subsequent to the release of the group’s and company’s preliminary financial statements, as announced on 24 May 2018, which would materially affect the group’s and company’s operating and financial performance as of the date of this report.

On behalf of the directors

.....  
Dr Chen Mun  
Director

.....  
Ang Bee Yan, Katherine  
Director

27 June 2018

# INDEPENDENT AUDITOR'S REPORT

to the Members of POWERMATIC DATA SYSTEMS LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying financial statements of Powermatic Data Systems Limited (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

There are no key audit matters to communicate in our report.

### OTHER INFORMATION

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

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

# INDEPENDENT AUDITOR'S REPORT

to the Members of POWERMATIC DATA SYSTEMS LIMITED

## OTHER INFORMATION (CONT'D)

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

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

# INDEPENDENT AUDITOR'S REPORT

to the Members of POWERMATIC DATA SYSTEMS LIMITED

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# INDEPENDENT AUDITOR'S REPORT

to the Members of POWERMATIC DATA SYSTEMS LIMITED

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is See Ling Ling Helen.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

27 June 2018

Engagement partner – effective from year ended 31 March 2018



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 March 2018

	Notes	2018 \$'000	2017 \$'000
<b>Revenue</b>	5	16,136	15,432
Cost of sales		(8,004)	(8,544)
<b>Gross profit</b>		8,132	6,888
Property income	6	1,243	1,344
Property expenses	7	(703)	(699)
Profit from property		540	645
Dividend income		356	335
Interest income		280	223
Other gains	8	325	325
Marketing and distribution costs		(1,406)	(1,362)
Administrative expenses		(2,058)	(1,993)
Other operating expenses		(6)	(21)
Other losses	8	(858)	(361)
<b>Profit before tax from continuing operations</b>		5,305	4,679
Income tax expense	10	(789)	(510)
<b>Profit from continuing operations, net of tax</b>		4,516	4,169
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		51	(45)
Available-for-sale financial assets, net of tax	17	25	3,000
Total other comprehensive income, net of tax		76	2,955
<b>Total comprehensive income</b>		4,592	7,124
Profit attributable to owners of the parent, net of tax		4,516	4,169
Total comprehensive income attributable to owners of the parent		4,592	7,124
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Earnings per share currency unit			
Basic	11	12.95	11.98
Diluted	11	12.94	11.97

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

	Notes	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	2,901	2,939	2,081	2,091
Investment property	14	17,260	17,479	17,260	17,479
Intangible assets	15	77	67	–	–
Investments in subsidiaries	16	–	–	5,398	5,398
Other financial assets	17	8,210	8,273	8,210	8,273
Other assets	18	10	10	10	10
Deferred tax assets	10	210	116	–	–
<b>Total non-current assets</b>		<b>28,668</b>	<b>28,884</b>	<b>32,959</b>	<b>33,251</b>
<b>Current assets</b>					
Inventories	19	1,570	1,312	–	–
Trade and other receivables	20	1,028	818	2,638	1,590
Other financial assets	21	295	533	295	289
Other assets	22	88	103	36	38
Cash and cash equivalents	23	27,346	25,948	9,060	9,285
<b>Total current assets</b>		<b>30,327</b>	<b>28,714</b>	<b>12,029</b>	<b>11,202</b>
<b>Total assets</b>		<b>58,995</b>	<b>57,598</b>	<b>44,988</b>	<b>44,453</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	24	34,521	34,466	34,521	34,466
Retained earnings		14,149	12,076	2,951	2,518
Other reserves	26	6,089	6,013	6,941	6,916
Total equity		54,759	52,555	44,413	43,900
<b>Current liabilities</b>					
Income tax payable		921	746	56	68
Trade and other payables	27	1,804	2,170	232	217
Other liabilities	28	1,511	2,127	287	268
<b>Total current liabilities</b>		<b>4,236</b>	<b>5,043</b>	<b>575</b>	<b>553</b>
<b>Total equity and liabilities</b>		<b>58,995</b>	<b>57,598</b>	<b>44,988</b>	<b>44,453</b>

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

## STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 March 2018

Group	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Other reserves \$'000
<b>Current year:</b>					
Opening balance at 1 April 2017	52,555	35,252	(786)	12,076	6,013
<b>Changes in equity:</b>					
Issue of share capital (Note 24)	59	59	–	–	–
Purchase of treasury shares (Note 24)	(4)	–	(4)	–	–
Total comprehensive income for the year	4,592	–	–	4,516	76
Dividends paid (Note 12)	(2,443)	–	–	(2,443)	–
Closing balance at 31 March 2018	54,759	35,311	(790)	14,149	6,089
<b>Previous year:</b>					
Opening balance at 1 April 2016	47,158	35,172	(720)	9,648	3,058
<b>Changes in equity:</b>					
Issue of share capital (Note 24)	80	80	–	–	–
Purchase of treasury shares (Note 24)	(66)	–	(66)	–	–
Total comprehensive income for the year	7,124	–	–	4,169	2,955
Dividends paid (Note 12)	(1,741)	–	–	(1,741)	–
Closing balance at 31 March 2017	52,555	35,252	(786)	12,076	6,013

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

## STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 March 2018

Company	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Other reserves \$'000
<b>Current year:</b>					
Opening balance at 1 April 2017	43,900	35,252	(786)	2,518	6,916
<b>Changes in equity:</b>					
Issue of share capital (Note 24)	59	59	–	–	–
Purchase of treasury shares (Note 24)	(4)	–	(4)	–	–
Total comprehensive income for the year	2,901	–	–	2,876	25
Dividends paid (Note 12)	(2,443)	–	–	(2,443)	–
Closing balance at 31 March 2018	44,413	35,311	(790)	2,951	6,941
<b>Previous year:</b>					
Opening balance at 1 April 2016	40,741	35,172	(720)	2,373	3,916
<b>Changes in equity:</b>					
Issue of share capital (Note 24)	80	80	–	–	–
Purchase of treasury shares (Note 24)	(66)	–	(66)	–	–
Total comprehensive income for the year	4,886	–	–	1,886	3,000
Dividends paid (Note 12)	(1,741)	–	–	(1,741)	–
Closing balance at 31 March 2017	43,900	35,252	(786)	2,518	6,916

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 March 2018

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,305	4,679
Adjustments for:		
Depreciation of property, plant and equipment	341	338
Depreciation of investment property	219	218
Amortisation of intangible assets	42	45
Loss on disposal of other financial assets	–	19
Gain on de-consolidation of subsidiary	(12)	–
(Gain)/loss on disposal of property, plant and equipment	(3)	35
Fair value (gains)/losses on other financial assets, net	(6)	53
Dividend income	(356)	(335)
Interest income	(280)	(223)
Unrealised foreign exchange adjustment losses/(gains), net	67	(78)
Operating cash flows before changes in working capital	5,317	4,751
Inventories	(300)	348
Trade and other receivables	(225)	754
Other assets	(11)	155
Other financial assets	–	(244)
Trade and other payables	(332)	(658)
Other liabilities	(575)	704
Net cash flows from operations	3,874	5,810
Income taxes paid	(654)	(475)
Net cash flows from operating activities	3,220	5,335
<b>Cash flows from investing activities</b>		
Payments for intangible assets	(52)	(55)
Purchase of property, plant and equipment	(303)	(332)
Purchase of non-current available for sale financial assets	(912)	–
Disposal of other financial assets	1,244	1,036
Disposal of plant and equipment	23	35
Increase of cash restricted in use over 3 months	(1,002)	(8,243)
Interest income received	227	200
Dividend income received	356	335
Net cash flows used in investing activities	(419)	(7,024)
<b>Cash flows from financing activities</b>		
Issue of new shares	59	80
Purchase of treasury shares	(4)	(66)
Dividends paid to equity owners	(2,443)	(1,741)
Net cash flows used in financing activities	(2,388)	(1,727)
<b>Net increase/(decrease) in cash and cash equivalents</b>	413	(3,416)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(17)	55
Cash and cash equivalents, beginning balance	12,355	15,716
<b>Cash and cash equivalents, ending balance (Note 23A)</b>	<b>12,751</b>	<b>12,355</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 1. GENERAL

Powermatic Data Systems Limited (the “company”) is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited. The financial statements are presented in Singapore Dollar and they cover the company and its subsidiaries (the “group”).

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company is an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 16 below.

The registered office and principal place of business of the company is located at No. 9 Harrison Road, #05-01, Singapore 369651.

### Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRSs”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

### Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C below where applicable.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 1. GENERAL (CONT'D)

### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income is recognised using the effective interest method. Dividend income from equity instruments is recognised when the entity's right to receive dividend is established. This is usually ex-dividend date for quoted shares.

# NOTES TO THE FINANCIAL STATEMENTS .....

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

#### Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

#### Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss. The presentation is in the functional currency.

#### Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

#### Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

#### 2A. Significant accounting policies (cont'd)

##### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority.

The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

##### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Renovations	–	20%
Motor vehicles	–	20%
Furniture, fittings and equipment	–	10% to 33%
Freehold office unit	–	2.63%

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

#### 2A. Significant accounting policies (cont'd)

##### Property, plant and equipment (cont'd)

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

##### Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held-for-sale is carried at the lower of carrying amount and fair value. For disclosure purposes only the fair values are measured periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values, if any, over their estimated useful lives. The annual rates of depreciation are as follows:

Building improvement	–	3.15%
Freehold building	–	2.63%
Freehold land	–	Not depreciated

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

#### 2A. Significant accounting policies (cont'd)

##### Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use as follows:

Certification fees – 3 years

##### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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 value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

##### Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

##### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Impairment of non-financial assets (cont'd)

When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Inventories

Inventories are measured at the lower of cost (first-in-first-out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

#### 2A. Significant accounting policies (cont'd)

##### Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.
4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial assets (cont'd)

4. Available-for-sale financial assets (cont'd): However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

#### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### Financial liabilities

Initial recognition and measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: As at end of the reporting year, there were no financial liabilities classified in this category.
2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

#### 2A. Significant accounting policies (cont'd)

##### Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2B. Other explanatory information

#### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur. Warranty provisions are measured using probability models based on past experience.

#### Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

#### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:

Entities in the group recognise tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

### 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Dr Chen Mun, a director and controlling shareholder.

#### 3A. Key management compensation

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short-term employee benefits	997	898

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

#### 3A. Key management compensation (cont'd)

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Remuneration of directors of the company	529	491
Fees to directors of the company	52	52

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

#### 3B. Other receivables from related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Other receivables from subsidiaries:</u>		
Balance at beginning of the year	1,532	1,542
Amounts paid in and settlement of liabilities on behalf of the company	(1,703)	(1,749)
Amounts paid out and settlement of liabilities on behalf of the subsidiaries	6	5
Inter-company recharges	216	239
Allowance for impairment	(6)	(5)
Dividend	2,500	1,500
Balance at end of the year (Note 20)	2,545	1,532

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

#### 4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into three major strategic operating segments: (1) wireless connectivity products, (2) property and (3) corporate holding and others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

Wireless connectivity products segment comprises manufacturing, sales, marketing and distribution of wireless connectivity products.

Property segment comprises managing the investment properties.

Corporate holding and others is involved in group-level corporate services.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results is the gross profit.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

#### 4B. Primary analysis by business segment

<u>Group:</u>	<b>Wireless connectivity products \$'000</b>	<b>Property \$'000</b>	<b>Corporate holding and others \$'000</b>	<b>Total \$'000</b>
<b>Continuing operations 2018</b>				
Revenue by segment	15,986	–	150	16,136
Cost of sales	(7,891)	–	(113)	(8,004)
Gross profit	8,095	–	37	8,132
<u>Other items of income</u>				
Property income	–	1,243	–	1,243
Property expense	–	(703)	–	(703)
Profit from property	–	540	–	540
Interest income	153	–	127	280
Dividend income	–	–	356	356
Other gains	324	–	1	325
<u>Other items of expenses</u>				
Marketing and distribution cost	(1,364)	–	(42)	(1,406)
Administration expenses	(1,367)	–	(691)	(2,058)
Other operating expenses	(6)	–	–	(6)
Other losses	(825)	–	(33)	(858)
Profit/(loss) before tax	5,010	540	(245)	5,305
Income tax expense	(789)	–	–	(789)
Profit/(loss) from continuing operations, net of tax	4,221	540	(245)	4,516
Segment assets	20,439	17,274	21,282	58,995
Segment liabilities	(3,398)	(265)	(573)	(4,236)
<u>Other segment information:</u>				
Reversal of allowance for impairment on trade receivables	250	–	–	250
Capital expenditure	281	–	74	355
Depreciation of property, plant and equipment	(257)	–	(84)	(341)
Depreciation of investment property	–	(219)	–	(219)
Amortisation of intangible assets	(42)	–	–	(42)
Service and sundry income	697	–	–	697

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

#### 4B. Primary analysis by business segment (cont'd)

<u>Group:</u>	<b>Wireless connectivity products \$'000</b>	<b>Property \$'000</b>	<b>Corporate holding and others \$'000</b>	<b>Total \$'000</b>
<b>Continuing operations 2017</b>				
Revenue by segment	15,243	–	189	15,432
Cost of sales	(8,370)	–	(174)	(8,544)
Gross profit	6,873	–	15	6,888
<u>Other items of income</u>				
Property income	–	1,344	–	1,344
Property expense	–	(699)	–	(699)
Profit from property	–	645	–	645
Interest income	103	–	120	223
Dividend income	–	–	335	335
Other gains	301	–	24	325
<u>Other items of expenses</u>				
Marketing and distribution cost	(1,323)	–	(39)	(1,362)
Administration expenses	(1,268)	–	(725)	(1,993)
Other operating expenses	(21)	–	–	(21)
Other losses	(299)	–	(62)	(361)
Profit/(loss) before tax	4,366	645	(332)	4,679
Income tax (expense)/income	(520)	–	10	(510)
Profit/(loss) from continuing operations, net of tax	3,846	645	(322)	4,169
Segment assets	19,793	17,493	20,312	57,598
Segment liabilities	4,420	255	368	5,043
<u>Other segment information:</u>				
Allowance for impairment on trade receivables	(254)	–	–	(254)
Capital expenditure	(387)	–	–	(387)
Depreciation of property, plant and equipment	(262)	–	(76)	(338)
Depreciation of investment property	–	(218)	–	(218)
Amortisation of intangible assets	(41)	–	(4)	(45)
Service and sundry income	424	–	–	424

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

#### 4C. Geographical information

The following table provides an analysis of the revenue by geographical location or customers, irrespective of the origin of the goods/services:

	Group	
	2018 \$'000	2017 \$'000
Revenue:		
Singapore	90	203
Europe	5,146	4,867
Asia (except Singapore)	5,838	4,683
United States of America	4,218	5,003
Others	844	676
	<u>16,136</u>	<u>15,432</u>

The property income is from property in Singapore.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, intangible assets and investment property analysed by the geographical area in which the assets are located:

	Group	
	2018 \$'000	2017 \$'000
Segment assets:		
Singapore	55,763	54,403
Asia (except Singapore)	3,227	3,189
United States of America	5	6
	<u>58,995</u>	<u>57,598</u>
Capital expenditure:		
Singapore	139	55
Asia (except Singapore)	216	332
	<u>355</u>	<u>387</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

#### 4D. Information about major customers

Revenue from one major customer amounted to \$971,000 (2017: \$1,455,000) arising from sales of wireless connectivity products segment attributed to People's Republic of China. The said major customer contributed 6% (2017: 9%) of the group revenue.

### 5. REVENUE

	Group	
	2018	2017
	\$'000	\$'000
Sale of goods	15,439	15,008
Service and sundry income	697	424
	16,136	15,432

### 6. PROPERTY INCOME

	Group	
	2018	2017
	\$'000	\$'000
Rental and services income from investment property	1,243	1,344

### 7. PROPERTY EXPENSES

	Group	
	2018	2017
	\$'000	\$'000
Building maintenance expense	403	395
Depreciation expense	219	218
Utilities and other expenses	81	83
Allowance for impairment on trade receivables	–	3
	703	699



## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 8. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2018	2017
	\$'000	\$'000
Foreign exchange translation (losses)/gains, net	(858)	290
Fair value gains/(losses) on other financial assets, net	6	(53)
Gain on de-consolidation of subsidiary	12	–
Gains/(losses) on disposal of property, plant and equipment, net	3	(35)
Government grant income	9	–
Loss on disposal of other financial assets	–	(19)
Allowance for impairment on trade receivables – reversal/(loss)	250	(254)
Sundry income	45	35
Net	<u>(533)</u>	<u>(36)</u>
Presented in profit or loss as:		
Other gains	325	325
Other losses	<u>(858)</u>	<u>(361)</u>
	<u>(533)</u>	<u>(36)</u>

### 9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018	2017
	\$'000	\$'000
Short term employee benefits expense	2,424	2,374
Contributions to defined contribution plan	294	302
Total employee benefits expense	<u>2,718</u>	<u>2,676</u>
Included in administrative expenses	2,581	2,509
Included in cost of sales	<u>137</u>	<u>167</u>
	<u>2,718</u>	<u>2,676</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 10. INCOME TAX

#### 10A. Components of tax expense recognised in profit or loss

	Group	
	2018	2017
	\$'000	\$'000
<u>Current tax expense:</u>		
Current tax expense	883	626
 <u>Deferred tax income:</u>		
Deferred tax income	(94)	(116)
Total income tax expense	<u>789</u>	<u>510</u>

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the Company is situated. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore corporate tax rate of 17% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	\$'000	\$'000
Profit before tax	<u>5,305</u>	<u>4,679</u>
Income tax expense at the above rate	902	795
Effect of different tax rates in different countries	84	(3)
Not deductible items for tax purposes	55	21
Stepped income exemption	(48)	(48)
Corporate tax rebate	(14)	(14)
Previously unrecognised deferred tax assets recognised this year	(94)	(116)
Unrecognised deferred tax assets	229	237
Others	<u>(325)</u>	<u>(362)</u>
Total income tax expense	<u>789</u>	<u>510</u>

There are no income tax consequences of dividends to owners of the company.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 10. INCOME TAX (CONT'D)

#### 10B. Deferred tax income recognised in profit or loss

	Group	
	2018 \$'000	2017 \$'000
Tax losses carryforwards	(105)	(33)
Capital allowance carryforwards	(30)	(88)
Unrecognised deferred tax assets	229	237
Total deferred tax income recognised in profit or loss	<u>94</u>	<u>116</u>

#### 10C. Deferred tax assets

	Group			
	2018		2017	
	Gross amount \$'000	Tax effect \$'000	Gross amount \$'000	Tax effect \$'000
Unused tax losses	5,602	952	6,215	1,057
Unused capital allowance	64	15	234	45
Unrecognised deferred tax assets	<u>(4,431)</u>	<u>(757)</u>	<u>(5,985)</u>	<u>(986)</u>
Net deferred tax assets	<u>1,235</u>	<u>210</u>	<u>464</u>	<u>116</u>

No deferred tax asset for the tax losses (including deductible temporary differences, unused tax losses and unused tax credits) has been recognised in respect of the remaining for the above balance as the future profit streams are not probable against which the deductible temporary difference can be utilised.

For Singapore companies, the realisation of the future income tax benefits from these tax loss carryforwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

For the People's Republic of China companies, temporary difference from capital allowances amounting to \$52,000 (2017: \$66,000) can be carried forward for 5 years.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 11. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	Group	
	2018 \$'000	2017 \$'000
Numerators: earnings attributable to equity:		
A. Continuing operations: attributable to equity holders	4,516	4,169
B. Total basic earnings	4,516	4,169
C. Diluted earnings	4,516	4,169
	<b>'000</b>	<b>'000</b>
Denominators: weighted average number of equity shares		
D. Basic	34,874	34,801
E. Diluted	34,901	34,843

The weighted average number of equity shares refers to shares in circulation during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

The dilutive effect derives from share options (Note 25). The diluted amount per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year. The ordinary share equivalents included in these calculations are: (1) the average number of ordinary shares assumed to be outstanding during the reporting year and (2) shares of ordinary share issuable upon assumed exercise of share options which (if any) would have a dilutive effect.

### 12. DIVIDENDS ON EQUITY SHARES

	Rate per share			
	2018 cents	2017 cents	2018 \$'000	2017 \$'000
Group and company				
Final tax exempt (1-tier) ordinary dividend paid	5	5	1,745	1,741
Final tax exempt (1-tier) special dividend paid	2	–	698	–
	7	5	2,443	1,741

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 12. DIVIDENDS ON EQUITY SHARES (CONT'D)

In respect of the current reporting year, the directors propose that a final dividend of 5 cents per share and a special dividend of 2 cents per share (2017: 5 cents per share and a special dividend of 2 cents per share) to be paid to shareholders of the company after the annual general meeting. These dividends are subject to approval by shareholders of the company at the forthcoming annual general meeting and has not been included as a liability in these financial statements. The proposed dividends are payable in respect of all ordinary shares in issue at the end of the reporting year, including any new qualifying shares issued but excluding treasury shares, up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Renovations \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Freehold office unit \$'000	Total \$'000
<u>Group</u>					
<u>Cost:</u>					
At 1 April 2016	198	43	3,863	2,082	6,186
Foreign exchange adjustments	–	–	(107)	–	(107)
Additions	–	–	332	–	332
Disposal	–	(43)	(294)	–	(337)
Written-off	–	–	(4)	–	(4)
At 31 March 2017	198	–	3,790	2,082	6,070
Foreign exchange adjustments	–	–	106	–	106
Additions	74	–	229	–	303
Disposal	–	–	(87)	–	(87)
At 31 March 2018	272	–	4,038	2,082	6,392
<u>Accumulated depreciation:</u>					
At 1 April 2016	6	43	2,945	151	3,145
Foreign exchange adjustments	–	–	(81)	–	(81)
Depreciation for the year	40	–	274	24	338
Disposal	–	(43)	(224)	–	(267)
Written-off	–	–	(4)	–	(4)
At 31 March 2017	46	–	2,910	175	3,131
Foreign exchange adjustments	–	–	86	–	86
Depreciation for the year	52	–	266	23	341
Disposal	–	–	(67)	–	(67)
At 31 March 2018	98	–	3,195	198	3,491
<u>Carrying value:</u>					
At 1 April 2016	192	–	918	1,931	3,041
At 31 March 2017	152	–	880	1,907	2,939
At 31 March 2018	174	–	843	1,884	2,901

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<b>Renovations \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Furniture, fittings and equipment \$'000</b>	<b>Freehold office unit \$'000</b>	<b>Total \$'000</b>
<u>Company</u>					
<u>Cost:</u>					
At 1 April 2016	198	43	108	2,082	2,431
Disposal	–	(43)	–	–	(43)
At 31 March 2017	198	–	108	2,082	2,388
Addition	74	–	–	–	74
At 31 March 2018	<u>272</u>	<u>–</u>	<u>108</u>	<u>2,082</u>	<u>2,462</u>
<u>Accumulated depreciation:</u>					
At 1 April 2016	6	43	64	151	264
Depreciation for the year	40	–	12	24	76
Disposal	–	(43)	–	–	(43)
At 31 March 2017	46	–	76	175	297
Depreciation for the year	51	–	9	24	84
At 31 March 2018	<u>97</u>	<u>–</u>	<u>85</u>	<u>199</u>	<u>381</u>
<u>Carrying value:</u>					
At 1 April 2016	<u>192</u>	<u>–</u>	<u>44</u>	<u>1,931</u>	<u>2,167</u>
At 31 March 2017	<u>152</u>	<u>–</u>	<u>32</u>	<u>1,907</u>	<u>2,091</u>
At 31 March 2018	<u>175</u>	<u>–</u>	<u>23</u>	<u>1,883</u>	<u>2,081</u>

Allocation of the depreciation expense:

	<b>Group</b>		<b>Company</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Cost of sales	212	214	–	–
Administrative expenses	129	124	84	76
Total	<u>341</u>	<u>338</u>	<u>84</u>	<u>76</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 14. INVESTMENT PROPERTY

	<b>Freehold land \$'000</b>	<b>Freehold building \$'000</b>	<b>Building improvements \$'000</b>	<b>Total \$'000</b>
<u>Group and Company</u>				
<u>Cost:</u>				
At 1 April 2016 and 31 March 2017 and 31 March 2018	10,804	6,612	1,397	18,813
<u>Accumulated depreciation:</u>				
At 1 April 2016	–	1,110	6	1,116
Depreciation for the year	–	174	44	218
At 31 March 2017	–	1,284	50	1,334
Depreciation for the year	–	175	44	219
At 31 March 2018	–	1,459	94	1,553
<u>Carrying value:</u>				
At 1 April 2016	10,804	5,502	1,391	17,697
At 31 March 2017	10,804	5,328	1,347	17,479
At 31 March 2018	10,804	5,153	1,303	17,260
			<b>Group and Company</b>	
			<b>2018</b>	<b>2017</b>
			<b>\$'000</b>	<b>\$'000</b>
Fair values for disclosure purposes only:				
Fair value at end of the year			30,298	30,163
Rental and service income from investment property			1,243	1,344
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the reporting year			(703)	(699)

The depreciation expense is charged under property expenses.

The investment property is two-adjointing six-storey semi-detached industrial buildings located at Nos. 7 and 9 Harrison Road, Singapore 369650/1. Other than an office unit in one of the buildings which is used by the group as its corporate head office and classified under property, plant and equipment in Note 13, the remaining units in the two buildings are leased out under operating leases. Also see Note 30 on operating lease income commitments.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 14. INVESTMENT PROPERTY (CONT'D)

The fair value of investment property was measured in March 2018 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Colliers International Consultancy and Valuation (Singapore) Pte Ltd, a firm of independent professional valuers. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. There has been no change to the valuation technique during the reporting year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

For fair value measurements categorised within Level 2 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Nos. 7 and 9 Harrison Road, Singapore 369650/1 (excluding #05-01 which is classified under property, plant and equipment)
Fair value:	\$30,298,000 (2017: \$30,163,000)
Fair value hierarchy:	Level 2 (2017: Level 2)
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties
Significant observable inputs and range (weighted average):	Price per square foot: \$1,027 (2017: \$1,023)
Relationship of unobservable inputs to fair value:	NA.
Sensitivity on management's estimate – 10% variation from estimate:	Impact – lower by \$3,030,000; higher by \$3,030,000

There were no transfers between Levels 1 and 2 during the reporting year.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 15. INTANGIBLE ASSETS

<u>Group</u>	<b>Club membership</b>	<b>Certification fees</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Cost:</u>			
At 1 April 2016	60	328	388
Additions	–	55	55
Written-off	–	(92)	(92)
Reclassified to other assets	(60)	–	(60)
At 31 March 2017	–	291	291
Additions	–	52	52
At 31 March 2018	–	343	343
<u>Accumulated amortisation:</u>			
At 1 April 2016	46	275	321
Amortisation for the year	4	41	45
Written-off	–	(92)	(92)
Reclassified to other assets	(50)	–	(50)
At 31 March 2017	–	224	224
Amortisation for the year	–	42	42
At 31 March 2018	–	266	266
<u>Carrying value:</u>			
At 1 April 2016	14	53	67
At 31 March 2017	–	67	67
At 31 March 2018	–	77	77

## 16. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Unquoted equity shares at cost	22,553	22,555
Less: Allowance for impairment	(17,155)	(17,157)
Net carrying amount	5,398	5,398
Analysis of above amounts denominated in non-functional currency:		
United States Dollar	12,155	12,155
Chinese Renminbi	3,829	3,829
Others	–	2
Movements in allowance for impairment:		
Balance as at 1 April 2017	17,157	17,157
Write-off	(2)	–
Balance as at 31 March 2018	17,155	17,157

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The listing of and information of the subsidiaries are given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost in books of the company		Effective equity held by the company	
	2018	2017	2018	2017
	\$'000	\$'000	%	%
Compex Systems Pte Ltd <sup>(a)</sup> Singapore Trader of own made wireless connectivity products/solutions	1,569	1,569	100	100
Compex Technologies Pte Ltd (formerly known as Powermatic Distribution Pte Ltd) <sup>(a)</sup> Singapore Trader of own made wireless connectivity products/solutions/computers related peripherals	5,000	5,000	100	100
Compex (Suzhou) Co., Ltd <sup>(b)</sup> People's Republic of China Manufacturer of wireless connectivity products	3,714	3,714	100	100
Compex Wireless (Suzhou) Co., Ltd <sup>(b)</sup> People's Republic of China Trader of own made wireless connectivity products/solutions	115	115	100	100
Powermatic Data Systems (HK) Ltd <sup>(c)</sup> Hong Kong Dormant	–	2	–	99.9
Compex Inc <sup>(d)</sup> United States of America Dormant	12,155	12,155	100	100
Total	<u>22,553</u>	<u>22,555</u>		

(a) Audited by RSM Chio Lim LLP, a member firm of RSM International.

(b) Audited by SBA Stone Forest CPA Co., Ltd, an alliance firm of RSM Chio Lim LLP in Singapore for consolidation purpose only.

(c) Application for de-registration was submitted on 29 January 2018. Accordingly, the investment was written off.

(d) Not required to be audited under the law of its country of incorporation and it is not material.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

### 17. OTHER FINANCIAL ASSETS

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Investments available-for-sale at fair value through other comprehensive income ("FVTOCI") (Note 17A)	8,210	7,273
Held-to-maturity investments at amortised cost (Note 17B)	–	1,000
	8,210	8,273

### 17A. INVESTMENTS AVAILABLE-FOR-SALE AT FVTOCI

		<b>Group and Company</b>	
	<b>Level</b>	<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
Quoted equity shares in corporations – Technology, Thailand	1	8,205	7,268
Unquoted equity shares in corporation – Technology, United States of America	2	5	5
		8,210	7,273
Movements during the year:			
Fair value at beginning of the year		7,273	5,328
Additions		912	–
Disposals		–	(1,055)
Increase in fair value through other comprehensive income		25	3,000
Fair value at end of the year		8,210	7,273

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 17B. HELD-TO-MATURITY INVESTMENTS AT AMORTISED COST

	Level	Group and Company	
		2018 \$'000	2017 \$'000
Unquoted structured notes			
– Financial institution, United Kingdom (matured on 31 May 2017)	2	–	1,000
Fair value		–	1,000
Movements during the year:			
Amortised cost at beginning of the year		1,000	1,000
Disposal		(1,000)	–
Amortised cost at end of the year		–	1,000

None of the financial assets measured at amortised cost were classified to financial assets at fair value during the year.

There were no significant transfer between Level 1 and Level 2 of the fair value hierarchy.

### 18. OTHER ASSETS, NON-CURRENT

	Group and Company	
	2018 \$'000	2017 \$'000
Club membership	10	10

### 19. INVENTORIES

	Group	
	2018 \$'000	2017 \$'000
Finished goods and goods for resale	228	435
Work-in-progress	333	542
Raw material, consumables and supplies	1,009	335
	1,570	1,312
Inventories are stated after allowance as follows:		
Balance at beginning of the year	560	284
(Reversed)/charged to profit or loss included in cost of sales	(322)	282
Used	–	(6)
Balance at end of the year	238	560
The write-down of inventories (reversed)/charged to profit or loss included in cost of sales	(322)	282
Changes in inventories of finished goods and work-in-progress	(416)	375
Raw materials and consumables used	674	(676)
The amount of inventories included in cost of sales	6,803	7,068

The reversal of the \$322,000 allowance was due to the inventories sold during the year.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Trade receivables:</u>				
Outside parties	808	759	34	14
Less: Allowance for impairment	(3)	(257)	(3)	(3)
Net trade receivables – subtotal	805	502	31	11
<u>Other receivables:</u>				
Outside parties	223	316	62	47
Subsidiaries (Note 3)	–	–	6,678	5,713
Less: Allowance for impairment	–	–	(4,133)	(4,181)
	–	–	2,545	1,532
Net other receivables – subtotal	223	316	2,607	1,579
Total trade and other receivables	1,028	818	2,638	1,590
<u>Movements in above allowances:</u>				
Balance at beginning of the year	257	351	4,184	4,176
(Reversed)/charged of trade receivables to profit or loss included in other gains/(other losses)	(250)	257	–	5
Bad debts written-off	–	(351)	(54)	–
Charge for subsidiaries other receivables to profit or loss included in other losses	–	–	6	3
Foreign currency adjustments	(4)	–	–	–
Balance at end of the year	3	257	4,136	4,184

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 21. OTHER FINANCIAL ASSETS

	Level	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets held for trading at fair value through profit or loss:					
– Quoted equity shares in corporations					
– Logistics, Singapore	1	274	272	274	272
– Property, Singapore	1	21	17	21	17
Investments available-for-sale at fair value					
– Fixed income fund <sup>#a</sup>		–	244	–	–
		<u>295</u>	<u>533</u>	<u>295</u>	<u>289</u>
Movements during the year:					
Balance at beginning of the year		533	342	289	342
Additions		–	244	–	–
Disposals		(244)	–	–	–
Fair value gain/(loss) included in profit or loss included in other gain/(other losses)		6	(53)	6	(53)
Balance at end of the year		<u>295</u>	<u>533</u>	<u>295</u>	<u>289</u>

#a The fixed income fund was an investment managed by a bank in the People's Republic of China, with a withdrawal lead period of 14 to 20 days. There were no restrictions on the withdrawal of funds and it was designated as available-for-sale financial asset measured at fair value. At the end of the previous reporting year, the financial asset bore an effective interest rate of 2.5% per annum. The fund had been withdrawn during the reporting year.

### 22. OTHER ASSETS, CURRENT

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Prepayments	74	88	22	23
Deposits to secure services	14	15	14	15
	<u>88</u>	<u>103</u>	<u>36</u>	<u>38</u>

## NOTES TO THE FINANCIAL STATEMENTS

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### 23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fixed deposits	7,495	1,650	600	1,650
Fixed deposits (maturity of over 3 months)	14,595	13,593	8,000	5,650
Cash and bank balances	5,256	10,705	460	1,985
	<u>27,346</u>	<u>25,948</u>	<u>9,060</u>	<u>9,285</u>
Interest earning balances	<u>22,324</u>	<u>16,455</u>	<u>8,696</u>	<u>7,435</u>

The rates of interest for the cash on interest earning balances ranged between 0.05% and 2.46% (2017: 0.05% and 1.8%) per year.

### 23A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2018 \$'000	2017 \$'000
Amount as shown above	27,346	25,948
Less: Cash restricted in use over 3 months	<u>(14,595)</u>	<u>(13,593)</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>12,751</u>	<u>12,355</u>

### 24. SHARE CAPITAL

	Number of shares issued '000	Share capital \$'000	Treasury shares \$'000	Total \$'000
<u>Group and Company</u>				
Ordinary shares of no par value:				
Balance at 1 April 2016	34,778	35,172	(720)	34,452
Treasury shares purchased	(71)	–	(66)	(66)
Exercise of share options (Note 25)	112	80	–	80
Balance as at 31 March 2017	<u>34,819</u>	<u>35,252</u>	<u>(786)</u>	<u>34,466</u>
Treasury shares purchased	(3)	–	(4)	(4)
Exercise of share options (Note 25)	83	59	–	59
Balance as at 31 March 2018	<u>34,899</u>	<u>35,311</u>	<u>(790)</u>	<u>34,521</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 24. SHARE CAPITAL (CONT'D)

	Number of treasury shares		Fair value	
	2018 '000	2017 '000	2018 \$'000	2017 \$'000
Balance at beginning of the year	847	776	786	720
Treasury shares purchased	3	71	4	66
Balance at end of the year	<u>850</u>	<u>847</u>	<u>790</u>	<u>786</u>

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

There are no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

### 25. SHARE-BASED PAYMENTS

#### 25A. Share options – the scheme

The company has an employee share option scheme known as the "Powermatic Data Systems Employees' Share Option Scheme 2013" (the "2013 Scheme"). The 2013 Scheme is a share incentive scheme designed to acknowledge the contributions made by the directors and employees and to give recognition to such directors and employees by giving them the opportunity to have a personal stake in the company and to attract, motivate and retain talented staff for the company's domestic and international operations.

Under the rules of the 2013 Scheme, all directors and full-time employees of the group are eligible to participate in the scheme except for employee or director who is also a controlling shareholder or an associate of a controlling shareholder. Employees of the company's associated companies are not eligible under the 2013 Scheme. The company has no associated companies as at 31 March 2018.



## NOTES TO THE FINANCIAL STATEMENTS

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### 25. SHARE-BASED PAYMENTS (CONT'D)

#### 25A. Share options – the scheme (cont'd)

The aggregate number of shares over which options may be granted shall not exceed 15% of the issued share capital (excluding treasury shares) of the company on the day immediately preceding the offer date of the option.

The 2013 Scheme is administered by the Remuneration Committee comprising Tan Chao Hsiung, David (Chairman) and two other independent directors of the company, Lye Kin Mun and Yee Lat Shing, Tom.

During the reporting year, no option (2017: Nil) was granted.

#### 25B. ACTIVITIES UNDER THE SHARE OPTIONS SCHEME

The number of options granted and outstanding at the end of the reporting year was:

Offer date	Name of scheme	Balance at 1.4.2017	Exercised	Balance at 31.3.2018	Offer price per share	Period exercisable
20.02.2014	2013	40,000	(40,000)	–	71 cents	20.02.2015 – 20.02.2019
20.02.2014	2013	97,000	(43,000)	54,000	71 cents	20.02.2015 – 20.02.2024
		<u>137,000</u>	<u>(83,000)</u>	<u>54,000</u>		

During the reporting year, no option was granted at a discount.

### 26. OTHER RESERVES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Available-for-sale financial assets reserve (Note 26A)	6,835	6,810	6,835	6,810
Share option reserve (Note 26B)	106	106	106	106
Reserve on consolidation (Note 26C)	88	88	–	–
Foreign currency translation reserve (Note 26D)	(940)	(991)	–	–
	<u>6,089</u>	<u>6,013</u>	<u>6,941</u>	<u>6,916</u>

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 26. OTHER RESERVES (CONT'D)

#### 26A. Available-for-sale financial assets reserve

	Group and Company	
	2018	2017
	\$'000	\$'000
At beginning of the year	6,810	3,810
Gains on remeasuring available-for-sale financial assets	25	3,000
At end of the year	<u>6,835</u>	<u>6,810</u>

The available-for-sale financial assets reserve arises from the annual remeasurement of the available-for-sale financial assets. It is not distributable until it is released to profit or loss on the disposal of the investments.

#### 26B. Share option reserve

	Group and Company	
	2018	2017
	\$'000	\$'000
At beginning and end of the year	<u>106</u>	<u>106</u>

#### 26C. Reserve on consolidation

	Group	
	2018	2017
	\$'000	\$'000
At beginning and end of the year	<u>88</u>	<u>88</u>

#### 26D. Foreign currency translation reserve

	Group	
	2018	2017
	\$'000	\$'000
At beginning of the year	(991)	(946)
Exchange differences on translating foreign operations	51	(45)
At end of the year	<u>(940)</u>	<u>(991)</u>

The translation reserve represents exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from presentation currency of the group.

## NOTES TO THE FINANCIAL STATEMENTS

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### 27. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables:				
Outside parties and accrued liabilities	1,725	2,030	232	217
Other payables:				
Outside parties	79	140	–	–
Total trade and other payables	<u>1,804</u>	<u>2,170</u>	<u>232</u>	<u>217</u>

### 28. OTHER LIABILITIES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Advance rental received	21	14	21	14
Deferred revenue	102	186	–	–
Deposits received	1,329	1,812	266	254
Provision for warranty costs	59	115	–	–
	<u>1,511</u>	<u>2,127</u>	<u>287</u>	<u>268</u>

Movements in provisions for warranty cost:

	Group	
	2018 \$'000	2017 \$'000
At beginning of the year	115	113
(Write-back)/charged to profit or loss included in cost of sales	(40)	16
Used	(16)	(14)
At end of the year	<u>59</u>	<u>115</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 29. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	117	64
Later than one year and not later than five years	–	215
	<u>165</u>	<u>279</u>
Rental expense for the year	<u>165</u>	<u>159</u>

Operating lease payments are for rentals payable for factory and office premises. The lease from the owner is for 3 years from 1 December 2015.

### 30. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	955	1,032
Later than one year and not later than five years	524	712
	<u>1,479</u>	<u>1,744</u>
Rental income for the year	<u>1,243</u>	<u>1,344</u>

Operating lease income commitments are for the investment properties. The lease rental income terms are negotiated for an average term of two years at an agreed monthly rental.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

#### 31A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	27,346	25,948	9,060	9,285
Loans and receivables	1,028	818	2,638	1,590
Financial assets at fair value through profit or loss	295	289	295	289
Available-for-sale financial assets	8,210	7,517	8,210	7,273
Held-to-maturity investments	–	1,000	–	1,000
	<u>36,879</u>	<u>35,572</u>	<u>20,203</u>	<u>19,437</u>
<u>Financial liabilities:</u>				
Trade and other payables measured at amortised cost	<u>1,804</u>	<u>2,170</u>	<u>232</u>	<u>217</u>

Further quantitative disclosures are included throughout these financial statements.

#### 31B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

- (i) Minimise interest rate, currency, credit and market risk for all kinds of transactions.
- (ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
- (iii) All financial risk management activities are carried out and monitored by senior management staff.
- (iv) All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposure to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

#### 31C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

#### 31D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Note 23 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is from 30-90 days (2017: 30-90 days). But some customers take a longer period to settle the amounts.

- (a) As at the end of reporting year, no trade receivables amounts were past due but not impaired.
- (b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired:

	Group	
	2018	2017
	\$'000	\$'000
<u>Trade receivables:</u>		
Over 90 days	3	257

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling \$3,000 (2017: \$257,000) that are determined to be impaired at the end of reporting year. These are not secured.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

#### 31D. Credit risk on financial assets (cont'd)

Other receivables are normally with no fixed terms and therefore there is no maturity.

Available-for-sale instruments represent equity shares and therefore there is no fixed maturity.

Concentration of trade receivables customers as at the end of reporting year:

	Group	
	2018	2017
	\$'000	\$'000
Top 1 customer	215	400
Top 2 customers	383	457
Top 3 customers	521	509

#### 31E. Liquidity risk – financial liabilities maturity analysis

There are no liabilities contracted to fall due after 12 months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 90 days (2017: 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

#### 31F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial assets. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2018	2017
	\$'000	\$'000
Financial assets with interest:		
Fixed rates	22,324	17,455

Sensitivity analysis: The impact on pre-tax profit is insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

#### 31G. Foreign currency risks

Analysis of amounts of financial assets and financial liabilities denominated in non-functional currency at the end of the reporting year:

	<b>Thai Baht</b>	<b>United States</b>	
	<b>\$'000</b>	<b>Dollar</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Group</u>			
<u>2018:</u>			
<u>Financial assets:</u>			
Cash and cash equivalent	–	13,306	13,306
Loans and receivables	–	558	558
Other financial assets	8,205	–	8,205
	<u>8,205</u>	<u>13,864</u>	<u>22,069</u>
<u>Financial liabilities:</u>			
Trade and other payables	–	(266)	(266)
Net financial assets at end of the year	<u>8,205</u>	<u>13,598</u>	<u>21,803</u>
<u>2017:</u>			
<u>Financial assets:</u>			
Cash and cash equivalent	–	6,785	6,785
Loans and receivables	–	758	758
Other financial assets	7,268	–	7,268
	<u>7,268</u>	<u>7,543</u>	<u>14,811</u>
<u>Financial liabilities:</u>			
Trade and other payables	–	(350)	(350)
Net financial assets at end of the year	<u>7,268</u>	<u>7,193</u>	<u>14,461</u>

There is exposure to foreign currency risk as part of the group's normal business.

Sensitivity analysis:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US\$ with all other variables held constant would have an adverse effect on pre-tax profit of	(1,236)	(654)
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the Thai baht with all other variables held constant would have an adverse effect on other comprehensive income of	<u>(746)</u>	<u>(661)</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 31. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

#### 31G. Foreign currency risks (cont'd)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at the end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

#### 31H. Equity price risk

There are investments in equity shares or similar instruments. As a result, such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets are disclosed in Notes 17 and 21.

Sensitivity analysis:

A hypothetical 10% fluctuation in the fair value of these assets would result in a fair value gain or loss of \$851,000 (2017: \$781,000).

### 32. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the group are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

<b>FRS No.</b>	<b>Title</b>
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 33. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s (“SFRS(I) INT”) were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019

Those that are expected to have a limited impact are as follows:

#### SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

Companies listed on the Singapore Exchange (“SGX”) currently reporting under SFRSs are required to comply with new Singapore Financial Reporting Standards (International) (SFRS(I)s (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards (“IFRS”) (issued by the International Accounting Standards Board (IASB)) for reporting years beginning on after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and/or financial performance of the entity.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 33. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

#### SFRS(I) 9 Financial Instruments

SFRS(I) 9 Financial Instruments will replace SFRS(I) 1-39 effective for annual periods beginning on or after 1 April 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition. SFRS(I) 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics. For financial liabilities, SFRS(I) 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. For the impairment of financial assets, SFRS(I) 9 introduces an “expected credit loss” (“ECL”) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment. For hedge accounting, SFRS(I) 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. The recognition and derecognition provisions are carried over almost unchanged from SFRS(I) 1-39.

On the basis of the facts and circumstances that exist as at 31 March 2018 (see accounting policy in Note 2 and disclosures in Note 31) the entity does not anticipate that the application of the new standard will have a material impact on the financial position and/or financial performance of the entity, apart from providing more extensive disclosures on the entity’s financial instruments.

#### SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 Revenue from Contracts with Customers effective for annual periods beginning on or after 1 January 2018 replaces other standards on revenue and the related interpretations. It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). SFRS(I) 15 will be adopted in the financial statements when it becomes mandatory and the full retrospective method of transition to the new standard will be used.

On the basis of the current accounting treatment of the major sources of revenue (see accounting policy in Note 2 and disclosures in Note 5 on revenue) the management does not anticipate that the application of SFRS(I) 15 will have a material impact on the financial position and/or financial performance of the entity, apart from providing more extensive disclosures on the revenue transactions.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 33. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

#### SFRS(I) 16 Leases

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and the related interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments of \$117,000 as at 31 March 2018 (Note 29), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS(I) 16. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases upon the application of SFRS(I) 16) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of SFRS(I) 16 is not expected to have a material impact on the amounts recognised in the financial statements.

## STATISTICS OF SHAREHOLDINGS

As At 13 June 2018

### DISTRIBUTION OF SHAREHOLDINGS

Issued and fully paid-up capital (excluding treasury shares)	S\$34,520,382.82
No. of ordinary shares in issue (including treasury shares)	35,748,796
Class of Shares	Ordinary Shares
No. of ordinary shares (excluding treasury shares)	34,899,156
Voting Rights	One vote per share

As at 13 June 2018, the total number of treasury shares held was 849,640. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 2.43%.

The Company does not have any subsidiary holdings.

### DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	109	4.22	6,413	0.02
100 – 1,000	1,286	49.83	751,468	2.15
1,001 – 10,000	1,058	40.99	3,311,745	9.49
10,001 – 1,000,000	125	4.84	7,172,678	20.55
1,000,001 AND ABOVE	3	0.12	23,656,852	67.79
<b>TOTAL</b>	<b>2,581</b>	<b>100.00</b>	<b>34,899,156</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHEN MUN	19,427,932	55.67
2	ANG BEE YAN	2,874,800	8.24
3	DBS NOMINEES (PRIVATE) LIMITED	1,354,120	3.88
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	804,160	2.30
5	LIM POH KENG (LIN BAOQING)	656,200	1.88
6	TAN KIAN CHUAN (CHEN JIANZHUAN)	408,000	1.17
7	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	384,700	1.10
8	HO SOON TECK	338,200	0.97
9	HIROMI INAYOSHI	264,400	0.76
10	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	227,575	0.65
11	ANG LAY HOON	180,000	0.52
12	AH HOT GERARD ANDRE	162,000	0.46
13	TAN KOK CHING	150,000	0.43
14	HUANG PING K'NAR	143,000	0.41
15	SIM WEE MING	139,100	0.40
16	RAFFLES NOMINEES (PTE) LIMITED	134,494	0.39
17	LUO FENG	124,200	0.36
18	OCBC SECURITIES PRIVATE LIMITED	121,149	0.35
19	CHIN KHAN HEE @CHIN KIAN HEE	108,800	0.31
20	WU TIAN YEE (HU TIANYI)	97,500	0.28
<b>TOTAL</b>		<b>28,100,330</b>	<b>80.53</b>

## STATISTICS OF SHAREHOLDINGS

As At 13 June 2018

### Substantial Shareholders (As recorded in the Register of Substantial Shareholders)

<u>Name of Shareholders</u>	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
Dr Chen Mun	19,427,932	55.67	0	0.00
Ang Bee Yan	2,874,800	8.24	0	0.00

### Percentage of Shareholdings in Public Hands

36.09% of the Company's shares are in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST

## NOTICE OF .....TWENTY-NINTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Ninth Annual General Meeting of Powermatic Data Systems Limited (the “Company”) will be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on Wednesday, 25 July 2018 at 11 a.m. for the following purposes:

### **AS ORDINARY BUSINESS**

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the year ended 31 March 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final one-tier tax exempt dividend of Singapore 5 cents per ordinary share for the year ended 31 March 2018. (FY2017: First and final one-tier tax exempt dividend of Singapore 5 cent per ordinary share). **(Resolution 2)**
3. To declare a special one-tier tax exempt dividend of Singapore 2 cents per ordinary share for the year ended 31 March 2018. (FY2017: Special one-tier tax exempt dividend of Singapore 2 cents per ordinary share). **(Resolution 3)**
4. To re-elect Mr Yee Lat Shing, Tom as Director of the Company retiring pursuant to Article 99 of the Constitution of the Company. **(Resolution 4)**  
  
Mr Yee Lat Shing, Tom will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent.
5. To approve the payment of Directors’ Fees of S\$52,000 for the year ended 31 March 2018. (FY2017: S\$52,000). **(Resolution 5)**
6. To re-appoint Messrs RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### **AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

#### **8. Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

## NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING.....

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.  
[See Explanatory Note]

**(Resolution 7)**

By Order of the Board

Wong Yoen Har  
Secretary  
Singapore, 10 July 2018



## NOTICE OF .....TWENTY-NINTH ANNUAL GENERAL MEETING

### **Explanatory Note:**

The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

### **Notes**

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the “Meeting”).
- (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

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

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at No. 9, Harrison Road, #05-01, Singapore 369651 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

### **Personal data privacy:**

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

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**POWERMATIC DATA SYSTEMS LIMITED**

Company Registration No. 198900414E  
(Incorporated In the Republic of Singapore)

**IMPORTANT:**

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

**PROXY FORM**

(Please see notes overleaf before completing this Form)

I/We, .....  
of .....  
being a member/members of Powermatic Data Systems Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Twenty-Ninth Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 25 July 2018 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

**(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)**

No.	Resolutions relating to:	Number of Votes For <sup>(1)</sup>	Number of Votes Against <sup>(1)</sup>
1	Directors' Statement and Audited Financial Statements for the year ended 31 March 2018		
2	Payment of proposed first & final one-tier tax exempt dividend		
3	Payment of proposed special one-tier tax exempt dividend		
4	Re-election of Mr Yee Lat Shing, Tom as Director		
5	Approval of Directors' Fees amounting to S\$52,000		
6	Re-appointment of Messrs RSM Chio Lim LLP as Auditors		
7	Authority to issue shares		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ..... day of ..... 2018

.....  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
  6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No. 9, Harrison Road, #05-01, Singapore 369651 not less than forty-eight (48) hours before the time appointed for the Meeting.
  7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 July 2018.

**General:**

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

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