

# 2016 Annual Report

**Powermatic Data Systems Limited**



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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*

Prof. Lye Kin Mun

*Independent Director*

Mr David Tan Chao Hsiung

*Independent Director*

**AUDIT COMMITTEE**

Mr Yee Lat Shing, Tom

*Chairman*

Prof. Lye Kin Mun

Mr David Tan Chao Hsiung

**NOMINATING COMMITTEE**

Prof. 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

Prof. Lye Kin Mun

**COMPANY SECRETARY**

Ms Lynn Wan Tiew Leng

**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

Fax: (65) 6536 1360

**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 Lam Chien Ju (w.e.f. the financial  
year ended 31 March 2015)

**PRINCIPAL BANKER**

**United Overseas Bank Limited**

80 Raffles Place UOB Plaza 1

Singapore 048624

## Chairman's Statement

**The Group continued to excel in long distance communication products and high performance wireless modules and have a growing brand name recognition**

The Group has continued on a stable growth path with increase of revenue by \$1.22 million (9%) and increase of profit by \$0.13 million (5%) compare with FY2015.

The Group through its wholly owned subsidiary Compex Systems Pte. Ltd. has established itself as a reputable manufacturer of wireless components and products. Since appointment by Qualcomm Atheros as an Authorized Design Center, Compex has also been growing its engineering service business. This business offers our core skills in wireless hardware and software design and competitive small batch manufacturing to enable customers to develop their ideas into real products. We can be involved from ideas to production, as well as in any part of the development/production chain. The high value-add nature of this business contributed to the overall gross profit margin, which improved from 31% in FY2015 to 40% in FY2016.



## Chairman's Statement cont'd

We are not short of ideas of our own too. The Group continued to excel in long distance communication products and high performance wireless modules and have a growing brand name recognition. Our strong adherence to intellectual property protection principles and worldwide regulatory standards give our customers confidence in working with us both in joint developments and in incorporating our products in theirs.

The world's appetite for more and ever-faster wireless products continues to increase. IEEE802.11 wireless specifications have evolved from 10 Mbps in 1999 to over 1Gbps in 2014 - 100 times in the span of 25 years. The rapid advances carry great opportunities and high risks. If we are stagnant if only for a brief moment we will be left behind. The Group continues to invest heavily in its manpower, equipment and new product development to stay at the front of the market.

The world economy is entering an uncertain phase. However, with the Group's operational focus and strong asset position, we have good confidence for the future.

### **DIVIDENDS**

The Group would like to continue sharing the profits with our shareholders. After evaluating the current financial position of the Group, the Board is pleased to recommend a first and final dividend of 5 cent per share, subject 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 FY2016 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*

## Financial and Operations Review

**We believe through continual innovation and product enhancement, we are well positioned to tap on the opportunities.**

### FINANCIAL REVIEW

Against the backdrop of global economic uncertainty and the sluggish growth in countries the Group operates in, it is remarkable the Group's business remained relatively stable in FY2016.

Total revenue increased by 9% year-on-year from S\$ 14.281 million in FY2015 to S\$ 15.499 million in FY2016, contributed primarily from the manufacturing and sale of our wireless connectivity products, hardware design for customers and provision of services to integrate Wi-Fi connectivity into customers' propriety products. The increase in revenue coupled with improvement in margins, had enabled the Group to report a 40% year-on-year rise in gross profit. The increase in revenue was however partially off-set by higher operating costs, loss in foreign exchange and fair value loss on available-for-sale financial assets.

The Group recorded a net profit of S\$ 2.832 million for FY2016, 5% more than FY2015's. Earnings per share on a fully diluted basis, after adjusting for the effect of share consolidation on FY2015's issued shares, inched 0.35 cents from 7.76 cents to 8.11 cents while net asset per share rose 0.01 cents to S\$1.36.

Financial position and cashflow of the Group remained healthy. Cash and cash equivalent totalled S\$ 21.066 million with no borrowing as at 31 March 2016.

### WIRELESS CONNECTIVITY PRODUCTS

FY2016 has been a challenging and yet very rewarding year for our wireless connectivity products business. While the economic recovery of our key markets was impeded by global uncertainties, our business remained stable. Revenue grew 10% while net profit surged by 13% year-on-year.

Apart from the manufacturing and sale of wireless connectivity devices, this business segment which housed the Authorized Design Centre of Qualcomm Atheros (ADC), has also been providing software sub-licensing, software engineering and training support to customers. Such services pave the way for the service users to procure our propriety products.

## Financial and Operations Review cont'd

The trend towards greater connectivity - smart homes, smart cities, smart wearable devices, bill payment via mobile devices etc. is expected to heighten in the near future. Such development help to fuel demand for reliable, efficient wireless connectivity products. We believe through continual innovation and product enhancement, we are well positioned to tap on the opportunities

### **DISTRIBUTION BUSINESS**

Business activities and running costs were kept low in FY2016, following the scaled down of our distribution business on 3rd quarter of FY2014. The Group will continue to operate this business on a small scale in the coming year while exploring potential synergy between distribution and our core wireless connectivity products business.

### **PROPERTY**

The S\$ 1.55 million Alterations and Additions project was fully completed during the reporting year.

Besides aesthetic enhancement, more parking lots were added; the two otherwise independent tower blocks were linked on every floor to improve accessibility.

Rental income for FY2016 declined 3% year-on-year, impacted by poor industrial rental market which led to declined occupancy rate during the reporting year. However, as at date of this report, all vacant units were rented out at the prevailing market rates.

## Subsidiary Companies

### **Powermatic**

#### **Distribution Pte Ltd**

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

#### **Compex Systems Pte Ltd**

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

### **Compex Inc.**

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

### **宝华电子(苏州)有限公司**

#### **Compex (Suzhou) Co., Ltd**

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 62950028

### **苏州康培网络产品有限公司**

#### **Compex Wireless (Suzhou) Co., Ltd**

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 62950028

#### **Powermatic Data Systems (Hong Kong) Limited**

Room 1303, 13/F,  
Dominion Centre,  
43-59 Queen's Road East  
Wanchai, Hong Kong  
Tel : (852) 2527 1632  
Fax: (852) 37020504



# Products Distributed/Manufactured by The Group

## PRODUCT DISTRIBUTED



SATA, SCSI, SAS, RAID &  
Network Adapters -  
External Fibre Channel  
RAID Subsystem



Optical Drives / Graphic Cards  
Small Form Factor PC &  
Accessories



Fibre Channel Host Bus  
Adapters & Switches

## MANUFACTURED PRODUCTS

### Wireless Mini PCIe Modules

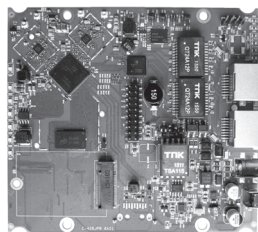


**WLE900V5-27**  
802.11ac 5GHz miniPCIe Radio



**WLE900VX**  
802.11ac 2.4/5GHz  
miniPCIe Radio Solution

### Wireless Embedded Boards



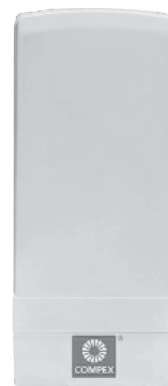
**WPJ428 Board**  
Dual Radio Gigabit Embedded Board  
Support 2 x Gigabit Ethernet Port

### Ac Space



**MMJ344**  
high-performance Outdoor  
Access Point with integrated PoE.  
Built-in 17dBi@5Ghz dual-polariza-  
tion antenna

### Ac Junior

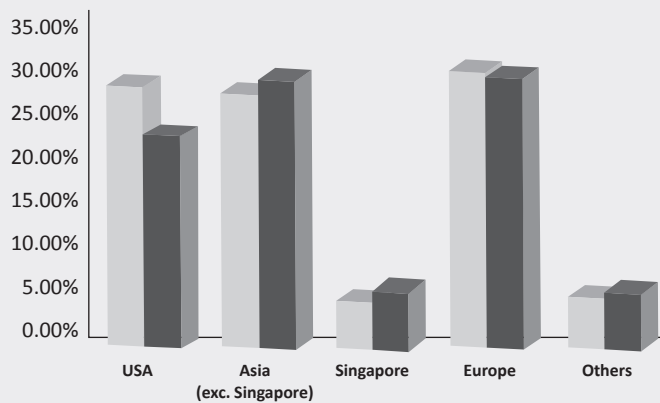


**MMJ344**  
high-performance Outdoor Access  
Point with integrated PoE.  
Built-in 17dBi@5Ghz dualpolarization antenna

# Group Financial Highlights

## Sales by the Geographical Region (%)

 FY2016  FY2015



	FY2016	FY2015
USA	29.5	24.6
Asia (exc. Singapore)	28.9	30.7
Singapore	5.3	7.2
Europe	30.6	30.5
Others	5.7	7.0

Glance Over the 5 Years	2012	2013	2014	2015	2016
Revenue (S\$million)	18.1	13.2	15.1	14.3	15.5
Profit, Net of Tax (S\$million)	2.1	0.67	2.02	2.7	2.8
Net Asset Value with Investment Property stated at Carrying Cost (S\$million)	45.268	44.688	44.034	46.930	47.158
Net Asset Value with Investment Property stated at Fair Value (S\$million)	59.408	58.421	60.426	62.325	61.530
Staff Head Count (In Number)	99	90	79	78	79

## Profile of Directors

### CHEN MUN

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

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

Mr Yee is an independent Director and Chairman of the Audit Committee of the Company since 1992. He 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, Cosco Corporation (S) Ltd, and Pacific Century Regional Developments Limited. He is also a fellow member of the Singapore Institute of Directors.

### LYE KIN MUN

Prof Lye Kin Mun is an independent Director and Chairman of the Nominating Committee of the Company. He 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 Member of the Executive Committee, Institute of Materials Research and Engineering and 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.

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

Prof 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.

Prof 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

David Tan was appointed a non-executive director on 24 March 2008. He 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).

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# 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>
Prof 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.

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.

# Corporate Governance Report

## cont'd

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 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 2016 ("FY2016") 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 FY2016</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
Prof 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.

Mr Yee Lat Shing, Tom and Prof Lye Kin Mun 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

## cont'd

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

- (a) the lengths of services of Mr Yee Lat Shing, Tom and Prof Lye Kin Mun 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
Prof 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 cont'd

## **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:

Prof 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;
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



# Corporate Governance Report

## cont'd

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 FY2016.

Key information on the Directors is set out below and on page 10 of this Annual Report.

Name of Director	Age	Directorship (a) Date first appointed (b) Date last re-elected	Due for re-election at next AGM
Chen Mun	68	(a) 1 February 1989 (b) NA	–
Katherine Ang Bee Yan	52	(a) 1 July 2011 (b) 25 July 2014	–
Yee Lat Shing, Tom	81	(a) 1 June 1992 (b) 24 July 2015	Retiring pursuant to Article 102
Prof Lye Kin Mun	64	(a) 1 February 1993 (b) 24 July 2015	–
David Tan Chao Hsiung	55	(a) 24 March 2008 (b) 25 July 2013	Retiring pursuant to Article 99

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, Prof 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 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, Prof Lye and Mr Tan suitable to continue to act as Independent Directors. In the determination of Mr Yee's, Prof 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, Prof 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.

The NC has recommended the nomination of David Tan Chao Hsiung retiring under Article 99 of the Constitution of the Company for re-election at the forthcoming AGM.

Mr David Tan Chao Hsiung will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent.

The NC has also recommended the nomination of Mr Tom Yee Lat Shing, who was previously re-appointed to hold office until this AGM pursuant to Section 153(6) of the Companies Act, Chapter 50, which was in force immediately before 3 January 2016.

Mr Yee Lat Shing, Tom, will, upon re-election as a 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.

## Corporate Governance Report cont'd

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 David Tan Chao Hsiung and Mr Yee Lat Shing, Tom had duly abstained from making recommendations on their own nominations.

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 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.

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

## cont'd

### 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

Prof 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.

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.

# Corporate Governance Report

## cont'd

The RC met once in FY2016. 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	–	91.95	8.05	–	100
Katherine Ang Bee Yan	–	94.00	6.00	–	100
Yee Lat Shing, Tom	100	–	–	–	100
Lye Kin Mun	100	–	–	–	100
David Tan Chao Hsiung	100	–	–	–	100
<b>TOP FIVE KEY MANAGEMENT PERSONNEL (WHO ARE NOT DIRECTORS OR CEO)</b>					
<u>Below \$250,000</u>					
Chua Geok Cheok Molly	–	92.22	7.78	–	100
Ang Lay Hoon	–	94.01	5.99	–	100
Yaw Thiam Teng	–	91.79	8.21	–	100
Steven Chong	–	92.29	7.71	–	100
Wu Tian Yee	–	91.75	8.25	–	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\$991,000 (2015: S\$973,000).

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 FY2016.

# Corporate Governance Report

## cont'd

### 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 2016, except for:

- (i) Mr Chen Mong Chea, a non-executive advisor to CEO, who is the father of Dr Chen Mun, Chairman/CEO of the Company. Mr Chen Mong Chea received remuneration that is between S\$50,000 - S\$100,000; and
- (ii) 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 at 31 March 2016.

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, Prof Lye Kin Mun and Mr Yee Lat Shing, Tom.

Information on 2013 Scheme are set out in the Statement by Directors on pages 26 and 27.

### 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.

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.

## Corporate Governance Report cont'd

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 2016:

- (a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2016 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 2016, to address financial, operational, compliance and information technology controls, and risk management systems of which considered relevant and material to its operations.

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 2016 to address the risks relating to financial, operational, compliance and information technology controls.

# Corporate Governance Report

## cont'd

### 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;
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.

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 without the presence of management.

# Corporate Governance Report

## cont'd

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

	2016 \$'000	2015 \$'000
Fees on audit services paid or payable to		
- Auditors of the company	102	108
- Other auditors <sup>#</sup>	26	28
Total	128	136

<sup>#</sup> Includes an affiliated firm of RSM Chio Lim LLP in Singapore

There were no non-audit services provided by the external auditors 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.

Shareholders have the opportunity to participate effectively in and to vote at general meetings of Shareholders. The Board noted that voting by poll will be compulsory in August 2015 and voting at the forthcoming AGM 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.



# Corporate Governance Report

## cont'd

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 2016, 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 2016.

## 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 IN OFFICE AT DATE OF STATEMENT

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  
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	97,139,662	19,427,932 <sup>(a)</sup>
Ang Bee Yan, Katherine	13,874,000	2,874,800 <sup>(a)</sup>

## Statement by Directors

### cont'd

#### 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 <sup>(a)</sup>	
<b>Powermatic Data Systems Limited</b>		
Ang Bee Yan, Katherine	500,000 <sup>(b)</sup>	—
Yee Lat Shing, Tom	200,000 <sup>(b)</sup>	40,000 <sup>(a)</sup>
Tan Chao Hsiung, David	200,000 <sup>(b)</sup>	40,000 <sup>(a)</sup>

<sup>(a)</sup> Pursuant to share consolidation exercise (5:1) completed on 20 August 2015.

<sup>(b)</sup> Prior to share consolidation exercise, at an exercise price of \$0.142 per share.

By virtue of section 7 of the Act, the above directors with interests are deemed to have an interest in the company and in all the related body corporate of the company.

The directors' interests as at 21 April 2016 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 at the company's 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 Scheme. The company has no associated companies at 31 March 2016.

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.

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.

## Statement by Directors cont'd

### 5. OPTIONS (CONT'D)

In 2014, 4,670,000 options to subscribe for shares at an exercise price of \$0.142 per share were granted to the eligible participants and 430,000 share options were forfeited due to cessation of employment in 2015.

During the reporting year, after the share consolidation exercise, 10,000 share options were forfeited due to cessation of employment.

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

Offer date	Name of scheme	Balance at 1.4.2015	Exercised	Share consolidation	Expired	Balance at 31.3.2016	Offer price per share	Period exercisable
20.02.2014	2013	400,000	—	(320,000)	—	80,000	71 cents <sup>(a)</sup>	20.02.2015 – 20.02.2019
20.02.2014	2013	3,840,000	(2,810,000)	(824,000)	(10,000)	196,000	71 cents <sup>(a)</sup>	20.02.2015 – 20.02.2024
		<u>4,240,000</u>	<u>(2,810,000)</u>	<u>(1,144,000)</u>	<u>(10,000)</u>	<u>276,000</u>		

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

Name of directors	Options granted during financial year 2014	Aggregate options granted since commencement of scheme to 31.3.2016	Aggregate options exercised since commencement of scheme to 31.3.2016	Share consolidation on 20.8.2015	Aggregate options outstanding as at 31.3.2016
Ang Bee Yan, Katherine	Number of options: 500,000 Exercised price per share: 71 cents <sup>(a)</sup> Exercisable period: 20.02.2015 – 20.02.2024	500,000	(500,000)	—	—
Yee Lat Shing, Tom	Number of options: 200,000 Exercised price per share: 71 cents <sup>(a)</sup> Exercisable period: 20.02.2015 – 20.02.2019	200,000	—	(160,000)	40,000 <sup>(a)</sup>
Tan Chao Hsiung, David	Number of options: 200,000 Exercised price per share: 71 cents <sup>(a)</sup> Exercisable period: 20.02.2015 – 20.02.2019	200,000	—	(160,000)	40,000 <sup>(a)</sup>
		<u>900,000</u>	<u>(500,000)</u>	<u>(320,000)</u>	<u>80,000<sup>(a)</sup></u>

<sup>(a)</sup> Pursuant to share consolidation exercise (5:1) completed on 20 August 2015.

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

Name of employees	Aggregate options granted since commencement of scheme to 31.3.2016	Aggregate options exercised since commencement of scheme to 31.3.2016	Share consolidation on 20.08.2015	Aggregate options outstanding as at 31.3.2016
Yaw Thiam Teng	500,000	(220,000)	(224,000)	56,000
Chang Qiang	500,000	(500,000)	—	—
Wu Tian Yee	500,000	(500,000)	—	—
Ang Lay Hoon	450,000	(450,000)	—	—
Molly Chua	450,000	(450,000)	—	—
	<u>2,400,000</u>	<u>(2,120,000)</u>	<u>(224,000)</u>	<u>56,000</u>

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

## Statement by Directors cont'd

### 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)
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 internal auditor their audit plan, results of their internal audit procedures and their evaluation of the adequacy of the company's system of internal accounting controls;
- Reviewed with the independent external auditor their audit plan, their evaluation of the company's internal accounting controls relevant to their statutory audit and their report on the financial statements;
- Reviewed the financial statements of the group and the company and the independent auditor's report on the annual financial statements prior to their submission to the board of directors of the company for adoption;
- Reviewed the assistance given by the company's management to the independent external auditor and internal auditor;
- Reviewed the nature and extent of non-audit services provided by the independent external auditor, if any; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited), if any.

The audit committee also meets with internal and independent external auditors without the presence of management at least once a year to obtain feedback on the competency and adequacy of the finance function and to ascertain if there are any material weaknesses or control deficiencies in the financial reporting and operational systems of the group.

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 the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

## Statement by Directors cont'd

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

Based on the internal control and risk management systems established and maintained by the group, work performed by independent external and internal auditors and periodic reviews by management, the board of directors and various board committees, the board of directors with concurrence of the audit committee, is of the opinion that the group's internal control and risk management systems were adequate as at 31 March 2016 to address the risks relating to financial, operational, compliance and information technology controls.

On behalf of the directors

.....  
Dr Chen Mun  
Director

.....  
Ang Bee Yan, Katherine  
Director

27 June 2016

# Independent Auditor's Report

to the Member of POWERMATIC DATA SYSTEMS LIMITED (Registration No: 198900414E)

## REPORT ON THE FINANCIAL STATEMENTS

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 2016, 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 significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; 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.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

# Independent Auditor's Report

to the Member of POWERMATIC DATA SYSTEMS LIMITED (Registration No: 198900414E)

**cont'd**

## **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.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

27 June 2016

Partner in charge of audit: Lam Chien Ju  
Effective from reporting year ended 31 March 2015



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## Year Ended 31 March 2016

		<b>Group</b>	
	<b>Notes</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Revenue</b>	5	15,499	14,281
Cost of sales		(9,315)	(9,878)
<b>Gross profit</b>		6,184	4,403
<b><u>Other items of income</u></b>			
Property income	6	1,378	1,422
Property expenses	7	(710)	(688)
Profit from property		668	734
Dividend income		300	270
Interest income		205	287
Other gains	8	206	1,076
<b><u>Other items of expense</u></b>			
Marketing and distribution costs		(1,462)	(1,189)
Administrative expenses		(2,436)	(2,442)
Other operating expenses		(5)	(17)
Other losses	8	(450)	–
<b>Profit before tax from continuing operations</b>		3,210	3,122
Income tax expense	10	(378)	(422)
<b>Profit from continuing operations, net of tax</b>		2,832	2,700
<b><u>Other comprehensive income:</u></b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations net of tax		(82)	71
Reclassification of currency translation reserve on deconsolidation of foreign subsidiary		6	–
Available-for-sale financial assets, net of tax	17	(577)	1,793
<b>Other comprehensive (loss)/income for the year, net of tax:</b>		(653)	1,864
<b>Total comprehensive income</b>		2,179	4,564
Profit attributable to owners of the parent, net of tax		2,832	2,700
 Total comprehensive income attributable to owners of the parent		 2,179	 4,564
<b>Earnings per share</b>			
Earnings per share currency unit		<b>Cents</b>	<b>Cents</b>
Basic	11	8.11	7.76
Diluted	11	8.10	7.73

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

# Statements of Financial Position

## As at 31 March 2016

		<u>Group</u>		<u>Company</u>	
	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Plant and equipment	13	1,110	1,140	236	21
Investment property	14	19,628	19,605	19,628	19,605
Intangible assets	15	67	106	14	15
Investments in subsidiaries	16	–	–	5,398	5,398
Other financial assets	17	6,328	7,935	6,328	7,935
<b>Total non-current assets</b>		<b>27,133</b>	<b>28,786</b>	<b>31,604</b>	<b>32,974</b>
<b><u>Current assets</u></b>					
Inventories	18	1,613	1,217	–	–
Trade and other receivables	19	1,537	1,621	1,592	1,636
Other financial assets	20	342	691	342	691
Other assets	21	250	236	139	139
Cash and cash equivalents	22	21,066	18,068	7,644	6,882
<b>Total current assets</b>		<b>24,808</b>	<b>21,833</b>	<b>9,717</b>	<b>9,348</b>
<b>Total assets</b>		<b>51,941</b>	<b>50,619</b>	<b>41,321</b>	<b>42,322</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity attributable to owners of the parent</u></b>					
Share capital	23	34,452	34,635	34,452	34,635
Retained earnings		9,648	8,584	2,373	2,453
Other reserves	25	3,058	3,711	3,916	4,493
<b>Total equity</b>		<b>47,158</b>	<b>46,930</b>	<b>40,741</b>	<b>41,581</b>
<b><u>Current liabilities</u></b>					
Income tax payable		595	431	65	39
Trade and other payables	26	2,774	1,928	206	192
Other liabilities	27	1,414	1,330	309	510
<b>Total current liabilities</b>		<b>4,783</b>	<b>3,689</b>	<b>580</b>	<b>741</b>
<b>Total equity and liabilities</b>		<b>51,941</b>	<b>50,619</b>	<b>41,321</b>	<b>42,322</b>

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

# Statements of Changes in Equity

## Year Ended 31 March 2016

<u>Group</u>	<u>Attributable to parent and total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000
<b>Current year:</b>					
Opening balance at 1 April 2015	46,930	34,773	(138)	3,711	8,584
Issue of share capital (Note 23)	399	399	—	—	—
Purchase of treasury shares (Note 23)	(582)	—	(582)	—	—
Total comprehensive income for the year	2,179	—	—	(653)	2,832
Dividends paid (Note 12)	(1,768)	—	—	—	(1,768)
Closing balance at 31 March 2016	47,158	35,172	(720)	3,058	9,648
<b>Previous year:</b>					
Opening balance at 1 April 2014	44,034	34,563	—	1,954	7,517
Issue of share capital (Note 23)	210	210	—	—	—
Purchase of treasury shares (Note 23)	(138)	—	(138)	—	—
Total comprehensive income for the year	4,564	—	—	1,864	2,700
Transfer of employees' share option reserve to retained earnings upon expiry of options (Note 25B)	—	—	—	(107)	107
Dividends paid (Note 12)	(1,740)	—	—	—	(1,740)
Closing balance at 31 March 2015	46,930	34,773	(138)	3,711	8,584

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

## Statements of Changes in Equity

### Year Ended 31 March 2016

cont'd

<u>Company</u>	<u>Total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000
<b>Current year:</b>					
Opening balance at 1 April 2015	41,581	34,773	(138)	4,493	2,453
Issue of share capital (Note 23)	399	399	–	–	–
Purchase of treasury shares (Note 23)	(582)	–	(582)	–	–
Total comprehensive income for the year	1,111	–	–	(577)	1,688
Dividends paid (Note 12)	(1,768)	–	–	–	(1,768)
Closing balance at 31 March 2016	40,741	35,172	(720)	3,916	2,373
<b>Previous year:</b>					
Opening balance at 1 April 2014	40,174	34,563	–	2,807	2,804
Issue of share capital (Note 23)	210	210	–	–	–
Purchase of treasury shares (Note 23)	(138)	–	(138)	–	–
Total comprehensive income for the year	3,075	–	–	1,793	1,282
Transfer of employees' share option reserve to retained earnings upon expiry of options (Note 25B)	–	–	–	(107)	107
Dividends paid (Note 12)	(1,740)	–	–	–	(1,740)
Closing balance at 31 March 2015	41,581	34,773	(138)	4,493	2,453

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

# Consolidated Statement of Cash Flows

## Year Ended 31 March 2016

	<u>2016</u> \$'000	<u>2015</u> \$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	3,210	3,122
Depreciation of plant and equipment	292	264
Depreciation of investment property	205	193
Amortisation of intangible assets	58	58
Gain on disposal of other financial assets	(62)	–
Loss on disposal of subsidiary	7	–
Fair value loss/(gain) on other financial assets	69	(156)
Dividend income	(300)	(270)
Interest income	(205)	(287)
Foreign exchange adjustment unrealised (gains) / losses	(315)	71
Operating cash flows before changes in working capital	2,959	2,995
Inventories	(311)	328
Trade and other receivables	35	(728)
Other assets	2	–
Trade and other payables	881	(116)
Other liabilities	(52)	72
Net cash flows from operations	3,514	2,551
Income taxes paid	(214)	(335)
Net cash flows from operating activities	3,300	2,216
<b><u>Cash flows from investing activities</u></b>		
Purchase of intangible assets	(19)	(65)
Purchase of plant and equipment	(327)	(440)
Improvements to investment property	(228)	(1,190)
Disposal of other financial assets	1,372	–
Decrease of cash restricted in use over 3 months	568	3,558
Interest income received	282	287
Dividend income received	300	270
Net cash flows from investing activities	1,948	2,420
<b><u>Cash flows from financing activities</u></b>		
Issue of shares	399	210
Purchase of treasury shares	(582)	(138)
Dividends paid to equity owners	(1,768)	(1,740)
Net cash flows used in financing activities	(1,951)	(1,668)
<b>Net increase in cash and cash equivalents</b>	3,297	2,968
Effect of exchange rate changes on the balance of cash held in foreign currencies	269	(91)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	12,150	9,273
<b>Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 22A)</b>	15,716	12,150

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

# Notes to the Financial Statements

## 31 March 2016

### 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 dollars and they cover the company (referred to as “parent”) and its subsidiaries.

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 Singapore Financial Reporting Standards (“FRS”) 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 FRS requires 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 immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

#### **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 at Note 2C to the financial statements, where applicable.

# Notes to the Financial Statements

31 March 2016

cont'd

## 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 is 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 or expense is recognised using the effective interest method. Dividend from equity instruments is recognised as income 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 2016

### cont'd

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

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

###### 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). 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.

###### 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 except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.



# Notes to the Financial Statements

31 March 2016

cont'd

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

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

#### 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.

#### 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 by the end of the reporting year; 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.

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

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

#### Plant and equipment

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%

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.

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. The gain or loss arising from the derecognition of an item of 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 using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. Freehold building and leasehold improvements are depreciated on a straight-line basis over 38 years and freehold land is not depreciated. 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, 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.

# Notes to the Financial Statements

31 March 2016

cont'd

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

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

#### Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. 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. Rental income from operating leases is recognised 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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### 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. The useful lives are as follows:

Certification fees	–	3 years
Club membership	–	22 years

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

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

#### 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.

#### Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### 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.

# Notes to the Financial Statements

31 March 2016

cont'd

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

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

#### 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. 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.

#### 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 2016

### cont'd

#### 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:** Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
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:** These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity. Financial assets that upon initial recognition are designated as at fair value through profit or loss or available-for-sale and those that meet the definition of loans and receivables are not classified in this category. These assets are carried at amortised costs using the effective interest method 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. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. 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. Non-current investments in bonds and debt securities are usually classified in this category.

# Notes to the Financial Statements

31 March 2016

cont'd

## 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: 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. 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. The financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. 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.



# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

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

#### Financial liabilities (cont'd)

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: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

#### Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific 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. 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.



# Notes to the Financial Statements

31 March 2016

cont'd

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

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

#### Fair value measurement (cont'd)

The fair value measurements and related disclosures categorise the inputs to valuation techniques 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.

#### 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.

### 2B. Other explanatory information

#### Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

### 2B. Other explanatory information (cont'd)

#### 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.

#### Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible, impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

#### 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 2016

cont'd

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

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

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is \$1,110,000 (2015: \$1,140,000).

Income tax amounts:

The entity recognises 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 significant shareholder.

### 3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

#### 3A. Related party transactions: (cont'd)

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Other related party – entity with no significant influence over the reporting entity:</u>		
Rental income for storage services	44	57

Dr Chen Mun, Chairman and Executive Director of the company is a director and shareholder of Yong Da Cultural Enterprises Pte Ltd which owns The Youth Book Co., for which storage services are provided.

#### 3B. Key management compensation:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries and other short-term employee benefits	991	973

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

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Remuneration of directors of the company	462	436
Fees to directors of the company	52	42

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.

# Notes to the Financial Statements

31 March 2016

cont'd

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

### 3C. Other receivables:

	<u>Company</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Other receivables from subsidiaries:</u>		
Balance at beginning of the year	1,547	1,534
Amounts paid in and settlement of liabilities on behalf of the company	(1,842)	(1,832)
Amounts paid out and settlement of liabilities on behalf of the company	23	58
Inter-company recharges	337	345
Allowance for impairment	(23)	(58)
Dividends	1,500	1,500
Balance at end of the year (Note 19)	<u>1,542</u>	<u>1,547</u>

## 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) distribution and (3) property. 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.

Distribution segment comprises sales, marketing, assembly and distribution of computer and computer parts and peripherals.

Property segment comprises managing the investment properties.

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 2016

### cont'd

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

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

<u>Group:</u>	<u>Wireless connectivity products</u>	<u>Distribution</u>	<u>Property</u>	<u>Others (corporate holding)</u>	<u>Total</u>
<b>Continuing operations 2016</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue by segment	14,788	711	–	–	15,499
Cost of sales	(8,659)	(656)	–	–	(9,315)
Gross profit	6,129	55	–	–	6,184
<u>Other items of income</u>					
Property income	–	–	1,378	–	1,378
Property expense	–	–	(710)	–	(710)
Profit from property	–	–	668	–	668
Interest income	92	–	–	113	205
Dividend income	–	–	–	300	300
Other gains	19	3	–	184	206
<u>Other items of expenses</u>					
Marketing and distribution cost	(1,426)	(36)	–	–	(1,462)
Administration expenses	(1,362)	(87)	–	(987)	(2,436)
Other operating expenses	(5)	–	–	–	(5)
Other losses	(326)	(6)	–	(118)	(450)
Profit/(loss) before income tax	3,121	(71)	668	(508)	3,210
Income tax expense	(378)	–	–	–	(378)
Profit/(loss) from continuing operations, net of tax	2,743	(71)	668	(508)	2,832
Segment assets	17,163	385	15,908	18,485	51,941
Segment liabilities	(4,264)	(110)	(106)	(303)	(4,783)
<u>Other segment information:</u>					
Recovery of bad debt	–	1	–	–	1
Capital expenditure	(111)	–	(228)	(235)	(574)
Depreciation of plant and equipment	(272)	–	–	(20)	(292)
Depreciation of investment property	–	–	(205)	–	(205)
Amortisation of intangible assets	(57)	–	–	(1)	(58)
Service income	134	–	–	–	134

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

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

<u>Group:</u>	Wireless connectivity products	Distribution	Property	Others (corporate holding)	Total
Continuing operations 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue by segment	13,399	882	—	—	14,281
Cost of sales	(9,080)	(798)	—	—	(9,878)
Gross profit	4,319	84	—	—	4,403
<u>Other items of income</u>					
Property income	—	—	1,422	—	1,422
Property expense	—	—	(688)	—	(688)
Profit from property	—	—	734	—	734
Interest income	173	—	—	114	287
Dividend income	—	—	—	270	270
Other gains	794	15	—	267	1,076
<u>Other items of expenses</u>					
Marketing and distribution cost	(1,147)	(42)	—	—	(1,189)
Administration expenses	(1,316)	(111)	—	(1,015)	(2,442)
Other operating expenses	(17)	—	—	—	(17)
Profit/(loss) before income tax	2,806	(54)	734	(364)	3,122
Income tax expense	(384)	—	(38)	—	(422)
Profit/(loss) from continuing operations, net of tax	2,422	(54)	696	(364)	2,700
Segment assets	14,741	484	19,710	15,684	50,619
Segment liabilities	(2,967)	(135)	(421)	(166)	(3,689)
<u>Other segment information:</u>					
Recovery of bad debt	—	1	—	—	1
Capital expenditure	(494)	—	(1,190)	(11)	(1,695)
Depreciation of plant and equipment	(249)	—	—	(15)	(264)
Depreciation of investment property	—	—	(193)	—	(193)
Amortisation of intangible assets	(57)	—	—	(1)	(58)
Service income	429	1	—	—	430

# Notes to the Financial Statements

## 31 March 2016

### cont'd

#### 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:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Revenue:		
Singapore	834	1,030
Europe	4,744	4,352
Asia (except Singapore)	4,477	4,378
United States of America	4,569	3,517
Others	875	1,004
	<u>15,499</u>	<u>14,281</u>

The property income is from property in Singapore.

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

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Segment assets:		
Singapore	47,132	44,049
United States of America	12	17
Asia (except Singapore)	4,797	6,553
	<u>51,941</u>	<u>50,619</u>
Capital expenditure:		
Singapore	482	1,298
Asia (except Singapore)	92	397
	<u>574</u>	<u>1,695</u>

##### 4D. Information about major customers

Revenue from one major customer amount to \$1,686,000 (2015: \$2,250,000) arising from sales by the wireless connectivity products segment contributed over 10% of the group revenue.



# Notes to the Financial Statements

31 March 2016

cont'd

## 5. REVENUE

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Sale of goods	15,365	13,851
Service and sundry income	134	430
	<u>15,499</u>	<u>14,281</u>

## 6. PROPERTY INCOME

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Rental and services income from investment property	<u>1,378</u>	<u>1,422</u>

## 7. PROPERTY EXPENSES

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Building maintenance expense	407	382
Depreciation expense	205	193
Utilities and other expenses	98	113
	<u>710</u>	<u>688</u>

## 8. OTHER GAINS AND (OTHER LOSSES)

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Foreign exchange translation (losses)/gains, net	(374)	722
Fair value (loss)/gain on other financial assets	(69)	156
Loss on disposal of subsidiary	(7)	–
Government grant income from SME grant	27	6
Gain on disposal of other financial assets	62	–
Productivity and Innovation Credit bonus and innovation and capability voucher	–	11
Provision for legal fees – reversal	–	95
Recovery of bad debt	1	1
Write back of building reinstatement provision	53	–
Sundry income	63	85
Net	<u>(244)</u>	<u>1,076</u>
Presented in profit or loss as:		
Other gains	206	1,076
Other losses	(450)	–
Net	<u>(244)</u>	<u>1,076</u>

# Notes to the Financial Statements

31 March 2016  
cont'd

## 9. EMPLOYEE BENEFITS EXPENSE

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Short term employee benefits expense	2,600	2,363
Contributions to defined contribution plan	326	282
Total employee benefits expense	2,926	2,645

## 10. INCOME TAX

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

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
<u>Current tax expense:</u>		
Current tax expense	378	422
Total income tax expense	378	422

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2015: 17%) to profit or loss before income tax as a result of the following differences:

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Profit before tax	3,210	3,122
Income tax expense at the above rate	546	531
Effect of different tax rates in different countries	36	25
Not deductible/(taxable) items for tax purposes	17	(135)
Stepped income exemption	(26)	(26)
Corporate tax rebate	(20)	(30)
Unrecognised deferred tax assets	102	94
Others	(277)	(37)
Total income tax expense	378	422

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

### 10B. Deferred tax expense recognised in profit or loss includes:

	<u>Group</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Tax losses carryforwards	(72)	(97)
Capital allowance carryforwards	(30)	3
Unrecognised deferred tax assets	102	94
Total deferred tax expense recognised in profit or loss	—	—

# Notes to the Financial Statements

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## 10. INCOME TAX (CONT'D)

### 10C. Unrecognised deferred tax assets:

	<u>Group</u>			
	<u>2016</u>		<u>2015</u>	
	<u>Gross</u>	<u>Tax</u>	<u>Gross</u>	<u>Tax</u>
	<u>amount</u>	<u>effect</u>	<u>amount</u>	<u>effect</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Unused tax losses	6,414	1,090	6,837	1,162
Unused capital allowance	530	133	653	163
	<u>6,944</u>	<u>1,223</u>	<u>7,490</u>	<u>1,325</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 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 \$530,000 (2015: \$653,000) can be carried forward for 5 years.

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

## 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:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	2,832	2,700
B. Total basic earnings	<u>2,832</u>	<u>2,700</u>
C. Diluted earnings	<u>2,832</u>	<u>2,700</u>
	<u>No: '000</u>	<u>No: '000</u>
D. Denominators: weighted average number of equity shares Basic	34,935	34,786
E. Diluted	<u>34,996</u>	<u>34,935</u>

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.

# Notes to the Financial Statements

## 31 March 2016

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#### 11. EARNINGS PER SHARE (CONT'D)

The dilutive effect derives from share options (Note 24). 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.

On 20 August 2015, the company completed the share consolidation of every five ordinary shares into one consolidated share (Note 23). The weighted average number of ordinary shares outstanding during the period and for all periods presented are adjusted for the share consolidation that has changed the number of ordinary shares outstanding without a corresponding change in resources. The number of ordinary shares outstanding before the share consolidation is adjusted for the proportionate change in the number of ordinary shares outstanding as if the share consolidation had occurred at the beginning of the earliest period presented. The disclosures for last year have been revised accordingly. Because the share consolidation was without consideration, it is treated as if it had occurred before the beginning of reporting year 2015, the earliest period presented.

#### 12. DIVIDENDS ON EQUITY SHARES

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Final tax exempt (1-tier) dividend paid of 5 cent (2015: 1 cent) per share <sup>(a)</sup>	1,768	1,740

<sup>(a)</sup> There was a share consolidation exercise during the current reporting year (Note 23).

In respect of the current year, the directors propose that a final dividend of 5 cent per share with a total of \$1,768,000 be paid to shareholders after the annual general meeting. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is 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.

# Notes to the Financial Statements

## 31 March 2016

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#### 13. PLANT AND EQUIPMENT

<u>Group</u>	<u>Renovations</u>	<u>Motor</u>	<u>Furniture,</u>	
	<u>\$'000</u>	<u>vehicles</u>	<u>fittings and</u>	<u>Total</u>
		<u>\$'000</u>	<u>equipment</u>	<u>\$'000</u>
<u>Cost:</u>				
At 1 April 2014	—	43	3,948	3,991
Foreign exchange adjustments	—	—	123	123
Additions	—	—	440	440
Written-off	—	—	(503)	(503)
At 31 March 2015	—	43	4,008	4,051
Foreign exchange adjustments	—	—	(261)	(261)
Additions	198	—	129	327
Written-off	—	—	(13)	(13)
At 31 March 2016	198	43	3,863	4,104
<u>Accumulated depreciation:</u>				
At 1 April 2014	—	43	3,075	3,118
Foreign exchange adjustments	—	—	32	32
Depreciation for the year	—	—	264	264
Written-off	—	—	(503)	(503)
At 31 March 2015	—	43	2,868	2,911
Foreign exchange adjustments	—	—	(196)	(196)
Depreciation for the year	6	—	286	292
Written-off	—	—	(13)	(13)
At 31 March 2016	6	43	2,945	2,994
<u>Carrying value:</u>				
At 1 April 2014	—	—	873	873
At 31 March 2015	—	—	1,140	1,140
At 31 March 2016	192	—	918	1,110

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

<u>Company</u>	<u>Renovations</u>	<u>Motor vehicles</u>	<u>Furniture, fittings and equipment</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Cost:</u>				
At 1 April 2014	–	43	565	608
Additions	–	–	11	11
Written-off	–	–	(499)	(499)
At 31 March 2015	–	43	77	120
Additions	198	–	37	235
Written-off	–	–	(6)	(6)
At 31 March 2016	198	43	108	349
<u>Accumulated depreciation:</u>				
At 1 April 2014	–	43	540	583
Depreciation for the year	–	–	15	15
Written-off	–	–	(499)	(499)
At 31 March 2015	–	43	56	99
Depreciation for the year	6	–	14	20
Written-off	–	–	(6)	(6)
At 31 March 2016	6	43	64	113
<u>Carrying value:</u>				
At 1 April 2014	–	–	25	25
At 31 March 2015	–	–	21	21
At 31 March 2016	192	–	44	236

Allocation of the depreciation expense:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost of sales	208	196	–	–
Administrative expenses	84	68	20	15
Total	292	264	20	15

# Notes to the Financial Statements

## 31 March 2016

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#### 14. INVESTMENT PROPERTY

	Freehold land \$'000	Freehold building \$'000	Building improvements \$'000	Total \$'000
<u>Group and Company</u>				
<u>Cost:</u>				
At 1 April 2014	12,000	7,343	134	19,477
Additions	–	–	1,190	1,190
At 31 March 2015	12,000	7,343	1,324	20,667
Additions	–	–	228	228
At 31 March 2016	12,000	7,343	1,552	20,895
<u>Accumulated depreciation:</u>				
At 1 April 2014	–	869	–	869
Depreciation for the year	–	193	–	193
At 31 March 2015	–	1,062	–	1,062
Depreciation for the year	–	193	12	205
At 31 March 2016	–	1,255	12	1,267
<u>Net book value:</u>				
At 1 April 2014	12,000	6,474	134	18,608
At 31 March 2015	12,000	6,281	1,324	19,605
At 31 March 2016	12,000	6,088	1,540	19,628
			<u>Group and Company</u>	
			<u>2016</u>	<u>2015</u>
			<u>\$'000</u>	<u>\$'000</u>
Fair values for disclosure purposes only:				
Fair value at end of the year			34,000	35,000
Rental and service income from investment property			1,378	1,422
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period			(710)	(688)

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. It is leased out under operating leases. Also see Note 30 on operating lease income commitments.

The fair value of investment property was measured in March 2016 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 Knight Frank Pte Ltd, a firm of independent professional valuers on a systematic basis at least once yearly. 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 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.

# Notes to the Financial Statements

## 31 March 2016

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

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.
Fair Value \$'000 and Fair value hierarchy - Level	\$34,000 (2015: \$35,000). Level 2 (2015: 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: \$1,153 (2015: \$1,187).
Relationship of unobservable inputs to fair value:	NA.
Sensitivity on management's estimate – 10% variation from estimate	Impact – lower by \$3,400,000; higher by \$3,400,000.

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

#### 15. INTANGIBLE ASSETS

<u>Group</u>	<u>Club membership</u> \$'000	<u>Certification fees</u> \$'000	<u>Total</u> \$'000
<u>Cost:</u>			
At 1 April 2014	60	401	461
Additions	–	65	65
Written off	–	(126)	(126)
At 31 March 2015	60	340	400
Additions	–	19	19
Written-off	–	(31)	(31)
At 31 March 2016	60	328	388
<u>Accumulated amortisation:</u>			
At 1 April 2014	44	318	362
Amortisation for the year	1	57	58
Written-off	–	(126)	(126)
At 31 March 2015	45	249	294
Amortisation for the year	1	57	58
Written-off	–	(31)	(31)
At 31 March 2016	46	275	321
<u>Carrying value:</u>			
At 1 April 2014	16	83	99
At 31 March 2015	15	91	106
At 31 March 2016	14	53	67

Certification fees are for registration of new products in various countries.



# Notes to the Financial Statements

## 31 March 2016

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#### 15. INTANGIBLE ASSETS (CONT'D)

	Club membership \$'000
<u>Company</u>	
<u>Cost:</u>	
At 1 April 2014, 31 March 2015 and 31 March 2016	60
<u>Accumulated amortisation:</u>	
At 1 April 2014	44
Amortisation for the year	1
At 31 March 2015	45
Amortisation for the year	1
At 31 March 2016	46
<u>Carrying value:</u>	
At 1 April 2014	16
At 31 March 2015	15
At 31 March 2016	14

#### 16. INVESTMENTS IN SUBSIDIARIES

	<u>Company</u>	
	<u>2016</u> \$'000	<u>2015</u> \$'000
Unquoted equity shares at cost	22,555	22,555
Allowance for impairment	(17,157)	(17,157)
Net carrying amount	5,398	5,398
 Movement during the year. At cost:		
Balance at beginning of the year	22,555	22,555
Disposal	—*	—
Balance at end of the year	22,555	22,555
 Net book value of subsidiary in the books of the company	7,645	6,569
 Analysis of above amounts denominated in non-functional currency:		
United States dollars	12,155	12,155
Chinese RMB	3,829	3,829
Others	2	2
 Movements in allowance for impairment:		
Balance at beginning of the year	17,157	16,667
Impairment loss charge to profit or loss	—	490
Balance at end of the year	17,157	17,157

\* Less than \$1,000.

# Notes to the Financial Statements

## 31 March 2016

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

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

<u>Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)</u>	<u>Cost in books of group</u>		<u>Effective percentage of equity held by group</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>%</u>
Compex Systems Pte Ltd <sup>(a)</sup> Singapore Trader of own made wireless connectivity products/ solutions	1,569	1,569	100	100
Powermatic Distribution Pte Ltd <sup>(a)</sup> Singapore Distributor of computers and related peripherals	5,000	5,000	100	100
Compex (Suzhou) Co., Ltd (b) People's Republic of China Manufacturer of wireless connectivity products	3,714	3,714	100	100
Compex Wireless (Suzhou) Co., Ltd <sup>(c)</sup> People's Republic of China Trader of own made wireless connectivity products/ solutions (Suzhou Mingcheng Certified Public Accountants)	115	115	100	100
Powermatic Data Systems (HK) Ltd <sup>(c)</sup> Hong Kong Dormant (East Asia Sentinel Limited, Hong Kong)	2	2	99.9	99.9
Compex Inc <sup>(d)</sup> United States of America Trader of wireless connectivity products/solutions	12,155	12,155	100	100
PM Data Sdn Bhd (struck off on 10 December 2015) Malaysia Dormant (SC Lim, Ng & Co., Malaysia)	—	— (e)	—	100

<sup>(a)</sup> Audited by RSM Chio Lim LLP.

<sup>(b)</sup> Audited by SBA Stone Forest Shanghai Certified Public Accountants (Partnership), an affiliated firm of RSM Chio Lim LLP in Singapore.

<sup>(c)</sup> Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

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

<sup>(e)</sup> Cost of investment is less than \$1,000.

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.

# Notes to the Financial Statements

## 31 March 2016

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#### 17. OTHER FINANCIAL ASSETS

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance is made up of:		
Investments available-for-sale at fair value through other comprehensive income ("FVTOCI") (Note 17A)	5,328	5,905
Held-to-maturity investments at amortised cost (Note 17B)	1,000	2,030
Total at end of the year	<u>6,328</u>	<u>7,935</u>

#### 17A. Investments available-for-sale at FVTOCI

	<b>Level</b>	<b>Group and Company</b>	
		<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>
Quoted equity shares in corporations			
- Technology, Thailand	1	4,468	4,931
Unquoted investment funds			
- Global equities	2	855	969
Unquoted equity shares in corporation			
- Technology, United States	2	5	5
		<u>5,328</u>	<u>5,905</u>
Movements during the year:			
Fair value at beginning of the year		5,905	4,112
(Decrease) / increase in fair value through other comprehensive income		(577)	1,793
Fair value at end of the year		<u>5,328</u>	<u>5,905</u>

#### 17B. Held-to-maturity investments at amortised cost

	<b>Level</b>	<b>Group and Company</b>	
		<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>\$'000</b>
Unquoted bonds			
- Property, Singapore (redeemed on 28 May 2015, effective rate 3.125%)	2	—	1,030
Unquoted structured notes			
- Financial Institution, United Kingdom (maturing on 31 May 2017)	2	1,000	1,000
		<u>1,000</u>	<u>2,030</u>
Fair value		<u>1,000</u>	<u>2,062</u>
Movements during the year:			
Amortised cost at beginning of the year		2,030	2,030
Disposal		(1,030)	—
Amortised cost at end of the year		<u>1,000</u>	<u>2,030</u>

# Notes to the Financial Statements

## 31 March 2016

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#### 17. OTHER FINANCIAL ASSETS (CONT'D)

##### 17B. Held-to-maturity investments at amortised cost (cont'd)

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. INVENTORIES

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Finished goods and goods for resale	367	482
Work-in-progress	235	155
Raw material, consumables and supplies	1,011	580
	<u>1,613</u>	<u>1,217</u>

Inventories are stated after allowance. Movements in allowance:

Balance at beginning of the year	433	395
Charge/(reversed) to profit or loss included in cost of sales	(146)	32
Used	(3)	6
Balance at end of the year	<u>284</u>	<u>433</u>

The write-down of inventories (reversed) / charged to profit or loss included in cost of sales

Changes in inventories of finished goods and work-in-progress	(146)	32
The amount of inventories included in cost of sales	35	33
	<u>7,151</u>	<u>8,395</u>

There are no inventories pledged as security for liabilities.

#### 19. TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Trade receivables:</u>				
Outside parties	1,520	1,637	19	80
Less allowance for impairment	(351)	(354)	–	–
Net trade receivables - subtotal	<u>1,169</u>	<u>1,283</u>	<u>19</u>	<u>80</u>
<u>Other receivables:</u>				
Subsidiaries (Note 3)	–	–	5,718	5,700
Less allowance for impairment	–	–	(4,176)	(4,153)
Outside parties	368	338	31	9
Net other receivables - subtotal	<u>368</u>	<u>338</u>	<u>1,573</u>	<u>1,556</u>
Total trade and other receivables	<u>1,537</u>	<u>1,621</u>	<u>1,592</u>	<u>1,636</u>

# Notes to the Financial Statements

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## 19. TRADE AND OTHER RECEIVABLES (CONT'D)

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Movements in above allowances:				
Balance at beginning of the year	354	342	4,153	4,095
Reversed for trade receivables to profit or loss included in other gains	(1)	(1)	–	–
Charge for subsidiaries other receivables to profit or loss included in other losses	–	–	23	58
Foreign currency adjustments	(2)	13	–	–
Balance at end of the year	351	354	4,176	4,153

## 20. OTHER FINANCIAL ASSETS

		<u>Group and Company</u>	
		<u>2016</u>	<u>2015</u>
	<u>Level</u>	<u>\$'000</u>	<u>\$'000</u>
Financial assets held for trading at fair value through profit or loss:			
- Quoted equity shares in corporations			
- Logistics, Singapore	1	327	392
- Property, Singapore	1	15	19
		342	411
- Unquoted bonds and structured notes			
- Telecommunication, Hong Kong	2	–	280
		342	691
Movements during the year:			
Balance at beginning of the year		691	535
Disposal		(280)	–
Fair value (loss) gain included in profit or loss under other gains		(69)	156
Balance at end of the year		342	691

## 21. OTHER ASSETS

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Prepayments	130	130	19	34
Deposits to secure services	120	106	120	105
	250	236	139	139

# Notes to the Financial Statements

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#### 22. CASH AND CASH EQUIVALENTS

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Fixed deposits	6,100	6,478	5,050	1,550
Fixed deposits (maturity of over 3 months)	5,350	5,918	2,000	4,548
Cash and bank balances	9,616	5,672	594	784
Cash at end of the year	21,066	18,068	7,644	6,882
Interest earning balances	11,933	12,701	7,425	6,291

The rates of interest for the cash on interest earning balances ranged between 0.05% and 4.20% (2015: 0.01% and 4.20%) per year.

#### 22A. Cash and cash equivalents in the consolidated statement of cash flows:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Amount as shown above	21,066	18,068
Cash restricted in use over 3 months	(5,350)	(5,918)
Cash and cash equivalents for statement of cash flows purposes at end of the year	15,716	12,150

#### 23. SHARE CAPITAL

<u>Group and Company</u>	<u>Number of shares issued</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Total</u>
	<u>'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Ordinary shares of no par value:				
Balance at beginning of the year 1 April 2014	173,339	34,563	–	34,563
Treasury shares purchased	(750)	–	(138)	(138)
Exercise of share options (Note 24)	1,620	210	–	210
Balance at end of the year 31 March 2015	174,209	34,773	(138)	34,635
Treasury shares purchased	(501)	–	(93)	(93)
Exercise of share options (Note 24)	2,810	399	–	399
Balance as at 20 August 2015	176,518	35,172	(231)	34,941
Consolidation of shares – 5 into 1	(141,214)	–	–	–
Treasury shares purchased	(526)	–	(489)	(489)
Balance at end of the year 31 March 2016	34,778	35,172	(720)	34,452

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

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cont'd

## 23. SHARE CAPITAL (CONT'D)

Treasury shares relate to ordinary shares of the company that are held by the company. For the reporting year 31 March 2016, pursuant to the share buyback mandate approved by shareholders, the company purchased 501,000 of its ordinary shares by way of on-market purchases at shares prices between \$0.180 and \$0.188 per share prior to the share consolidation completion date and 526,000 shares of its ordinary shares by way of on-market purchases at shares prices between \$0.900 and \$0.937 per share subsequent to share consolidation. The total amount paid to purchase the shares was \$582,000 and this is presented as a component within equity attributable to equity holders of the company. As at the end of the reporting year, the remaining treasury shares are 776,240 (2015: 749,900) and have a market value of \$727,000 (2015: \$136,000).

On 20 August 2015, a share consolidation exercise was made to facilitate compliance with the continuing listing requirement imposed by SGX-ST for issuers listed on the SGX Mainboard to have a minimum trading price per share of \$0.20. Under this arrangement, every five (5) shares were consolidated into one (1) consolidated share. The share consolidation does not involve the diminution of any liability in respect of any unpaid capital or the payment to any shareholder of any paid-up capital and has no effect on the equity of the company and the subsidiaries.

### 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 insignificant external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

## 24. SHARE-BASED PAYMENTS

### 24A. 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.

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

##### 24A. Share options – the scheme: (cont'd)

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 2016.

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 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.

In 2014, the company granted 4,670,000 share options with an exercised price of \$0.142 per share under the 2013 scheme. 900,000 options were granted to directors and 3,770,000 options were granted to the employees of the group. Of the 4,670,000 options granted, 400,000 shall be exercisable from the 1<sup>st</sup> anniversary to the 5<sup>th</sup> anniversary of the offering date and 4,270,000 shall be exercisable from the 1<sup>st</sup> anniversary to the 10<sup>th</sup> anniversary of the offering date.

During the reporting year, after the share consolidation exercise, 10,000 share options granted to the employees were forfeited due to cessation of employment.

##### 24B. Activities under the share options scheme:

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

<u>Offer date</u>	<u>Name of scheme</u>	<u>Balance at 1.4.2015</u>	<u>Exercised</u>	<u>Share consolidation</u>	<u>Expired</u>	<u>Balance at 31.3.2016</u>	<u>Offer price per share</u>	<u>Period exercisable</u>
20.02.2014	2013	400,000	–	(320,000)	–	80,000	71 cents <sup>(a)</sup>	20.02.2015 – 20.02.2019
20.02.2014	2013	3,840,000	(2,810,000)	(824,000)	(10,000)	196,000	71 cents <sup>(a)</sup>	20.02.2015 – 20.02.2024
		<u>4,240,000</u>	<u>(2,810,000)</u>	<u>(1,144,000)</u>	<u>(10,000)</u>	<u>276,000</u>		

<sup>(a)</sup> Pursuant to share consolidation exercise (5:1) completed on 20 August 2015.

There were no unissued shares of the company or any subsidiary under option except for those disclosed in the above paragraph.

The grant date fair value of the options as originally priced has been taken to the profit or loss.

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



# Notes to the Financial Statements

31 March 2016

cont'd

## 25. OTHER RESERVES

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Available-for-sale financial assets reserve (Note 25A)	3,810	4,387	3,810	4,387
Share option reserve (Note 25B)	106	106	106	106
Reserve on consolidation (Note 25C)	88	88	–	–
Foreign currency translation reserve (Note 25D)	(946)	(870)	–	–
	<u>3,058</u>	<u>3,711</u>	<u>3,916</u>	<u>4,493</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.

### 25A. Available-for-sale financial assets reserve

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
At beginning of the year	4,387	2,594
(Loss)/gain on remeasuring available-for-sale financial assets	(577)	1,793
At end of the year	<u>3,810</u>	<u>4,387</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.

### 25B. Share option reserve

	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
At beginning of the year	106	213
Expiry of share options – transferred to retained earnings	–	(107)
At end of the year	<u>106</u>	<u>106</u>

### 25C. Reserve on consolidation

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
At beginning and end of the year	<u>88</u>	<u>88</u>

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

##### 25D. Foreign currency translation reserve

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
At beginning of the year	(870)	(941)
Exchange differences on translating foreign operations	(82)	71
Reclassification adjustments on disposal of subsidiary	6	—
At end of the year	<u>(946)</u>	<u>(870)</u>

The currency translation reserve accumulates all foreign exchange differences.

#### 26. TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Trade payables:</u>				
Outside parties and accrued liabilities	2,685	1,770	206	192
<u>Other payables:</u>				
Outside parties	89	158	—	—
Total trade and other payables	<u>2,774</u>	<u>1,928</u>	<u>206</u>	<u>192</u>

#### 27. OTHER LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Advance rental received	7	90	7	90
Deferred revenue	116	—	—	—
Deposits received	1,178	994	302	270
Provision for warranty costs	113	96	—	—
Provision for reinstatement cost	—	150	—	150
	<u>1,414</u>	<u>1,330</u>	<u>309</u>	<u>510</u>

Movements in above provisions:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Provision for warranty costs:</u>		
At beginning of the year	96	108
Charged to profit or loss included in cost of sales	62	5
Used	(45)	(17)
At end of the year	<u>113</u>	<u>96</u>

# Notes to the Financial Statements

31 March 2016

cont'd

## 27. OTHER LIABILITIES (CONT'D)

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Provision for reinstatement cost:</u>		
At beginning of the year	150	150
Reversed to profit or loss included in other gains	(53)	–
Used	(97)	–
At end of the year	–	150

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 28A. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Financial assets:</u>				
Cash and cash equivalents	21,066	18,068	7,644	6,882
Loans and receivables	1,537	1,621	1,592	1,636
Financial assets at fair value through profit or loss	342	691	342	691
Available-for-sale financial assets	5,328	5,905	5,328	5,905
Held-to-maturity investments	1,000	2,030	1,000	2,030
	29,273	28,315	15,906	17,144
<u>Financial liabilities:</u>				
Trade and other payables measured at amortised cost	2,774	1,928	206	192

Further quantitative disclosures are included throughout these financial statements.

### 28B. 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.

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

##### 28B. Financial risk management (cont'd)

(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.

##### 28C. 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.

##### 28D. 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, cash equivalents, 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. There is significant concentration of credit risk on receivables, as the exposure is spread over a small number of counter-parties and debtors.

Note 22 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 (2015: 30-90 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Trade receivables:</u>		
Over 90 days	—	—

# Notes to the Financial Statements

31 March 2016

cont'd

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

### 28D. Credit risk on financial assets (cont'd)

- (b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired:

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Trade receivables:</u>		
Over 90 days	351	354

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling \$351,000 (2015: \$354,000) that are determined to be impaired at the end of reporting year. These are not secured.

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

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

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

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Top 1 customer	363	528
Top 2 customers	533	759
Top 3 customers	693	868

### 28E. Liquidity risk – financial liabilities maturity analysis

There are no non-current financial liabilities 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 (2015: 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.

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	<u>Less than 1 year</u>	
	<u>Group and Company</u>	
	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Performance guarantee in respect of:		
- Foreign employment contracts	5	—
- Utility deposits	57	57
Total	62	57

# Notes to the Financial Statements

## 31 March 2016

### cont'd

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

##### 28F. Interest rate risk

The group is not exposed to significant interest rate risk.

##### 28G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

	<u>Thai baht</u>	<u>Group</u> <u>United</u> <u>States</u> <u>dollars</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>2016:</u>			
<u>Financial assets:</u>			
Cash	–	7,487	7,487
Loans and receivables	–	1,076	1,076
Other financial assets	4,468	–	4,468
	4,468	8,563	13,031
<u>Financial liabilities:</u>			
Trade and other payables	–	(502)	(502)
Net financial assets at end of the year	4,468	8,061	12,529
<u>2015:</u>			
<u>Financial assets:</u>			
Cash	–	3,658	3,658
Loans and receivables	–	1,221	1,221
Other financial assets	4,931	–	4,931
	4,931	4,879	9,810
<u>Financial liabilities:</u>			
Trade and other payables	–	(300)	(300)
Net financial assets at end of the year	4,931	4,579	9,510

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	<u>2016</u>	<u>Group</u> <u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
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	(733)	(416)
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 pre-tax profit of	(406)	(448)

# Notes to the Financial Statements

31 March 2016

cont'd

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

### 28G. 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.

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.

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.

### 28H. 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 20.

Sensitivity analysis:

A hypothetical 10% fluctuation in the fair value of these assets would result in a fair value gain or loss of \$567,000 (2015: \$660,000).

## 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:

	<u>Group</u>		<u>Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Not later than one year	161	493	–	387
Later than one year and not later than five years	288	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Rental expense for the year	548	517	386	397

Operating lease payments are for rentals payable for factory and office premises.

# Notes to the Financial Statements

## 31 March 2016

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#### 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>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	1,166	1,136
Later than one year and not later than five years	541	669
	<hr/>	<hr/>
Rental income for the year	1,378	1,422
	<hr/>	<hr/>

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.

#### 31. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Contractual obligations for additions and alterations to investment property	–	203
	<hr/>	<hr/>

#### 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 reporting entity 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 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 24 Related Party Disclosures
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 113 Fair Value Measurement



# Notes to the Financial Statements

31 March 2016

cont'd

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

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") 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. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<b>Effective date for periods beginning on or after</b>
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

# Statistics of Shareholdings

## As at 15 June 2016

### DISTRIBUTION OF SHAREHOLDINGS

Issued and fully paid-up capital	S\$34,465,648.50
No. of ordinary shares in issue	35,665,796
Class of Shares	Ordinary Shares
No. of ordinary shares (excluding treasury shares)	34,819,356
Voting Rights	One vote per share

As at 15 June 2016, the total number of treasury shares held is 846,440. The treasury shares as a percentage of the total number of issued shares excluding treasury shares is 2.43%.

<u>SIZE OF SHAREHOLDINGS</u>	<u>NO. OF SHAREHOLDERS</u>	<u>%</u>	<u>NO. OF SHARES</u>	<u>%</u>
1 – 99	103	3.80	5,992	0.02
100 – 1,000	1,385	51.13	815,005	2.34
1,001 – 10,000	1,090	40.24	3,354,186	9.63
10,001 – 1,000,000	128	4.72	7,092,621	20.37
1,000,001 AND ABOVE	3	0.11	23,551,552	67.64
<b>TOTAL</b>	<b>2,709</b>	<b>100.00</b>	<b>34,819,356</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

<u>NO.</u>	<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1	DR CHEN MUN	19,427,932	55.80
2	ANG BEE YAN, KATHERINE	2,874,800	8.26
3	DBS NOMINEES (PRIVATE) LIMITED	1,248,820	3.59
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	948,640	2.72
5	LIM POH KENG (LIN BAOQING)	647,300	1.86
6	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	423,400	1.22
7	HO SOON TECK	329,200	0.95
8	TAN KIAN CHUAN (CHEN JIANZHUAN)	268,000	0.77
9	SIEW CHEE MENG	266,000	0.76
10	RAFFLES NOMINEES (PTE) LIMITED	203,614	0.58
11	ANG LAY HOON	180,000	0.52
12	WU TIAN YEE (HU TIANYI)	150,000	0.43
13	LUO FENG	124,200	0.36
14	JONATHAN WONG YANG YI	120,000	0.34
15	CHIN KHAN HEE @CHIN KIAN HEE	108,800	0.31
16	OCBC SECURITIES PRIVATE LIMITED	107,347	0.31
17	ANG HAO YAO (HONG HAOYAO)	105,000	0.30
18	HUANG PING K'NAR	101,000	0.29
19	CHUA GEOK CHEOK MOLLY	90,000	0.26
20	GUNAWAN	90,000	0.26
<b>TOTAL</b>		<b>27,814,053</b>	<b>79.89</b>

### 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	55.80	0	0.00
Ang Bee Yan, Katherine	2,874,800	8.26	0	0.00

### Percentage of Shareholdings in Public Hands

35.94% 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.

**POWERMATIC DATA SYSTEMS LIMITED**(Company Registration Number: 198900414E)  
(Incorporated in Singapore with limited liability)**NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Twenty-Seventh Annual General Meeting of Powermatic Data Systems Limited (the “Company”) will be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 at 11.00 a.m. on Monday, 25 July 2016 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 2016 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 financial year ended 31 March 2016. (2015: First and Final one-tier tax exempt dividend of Singapore 1 cent per ordinary share). **(Resolution 2)**
3. To re-elect Mr David Tan Chao Hsiung, a Director of the Company retiring pursuant to Article 99 of the Constitution of the Company. **(Resolution 3)**  
  
Mr David Tan Chao Hsiung will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent.
4. To re-elect Mr Yee Lat Shing, Tom as a Director of the Company pursuant to Article 102 of the Constitution of the Company. **(Resolution 4)**  
  
Mr Yee Lat Shing, Tom, who was previously re-appointed to hold office until this Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50, which was then in force, will upon re-election as a 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 2016. (2015: S\$42,000). **(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 resolutions as Ordinary Resolutions, 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,  
  
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) 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) 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) 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 (i)]

**(Resolution 7)**

## 9. Renewal of the Share Buy-Back Mandate

THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares each fully paid up not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) on-market purchase(s) (**On-Market Purchases**) transacted through the Singapore Exchange Securities Trading Limited (**SGX-ST**) or on another stock exchange on which the Shares are listed; and/or

- (ii) off-market purchase(s) (**Off-Market Purchases**) effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act, Chapter 50) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST;

and otherwise in accordance with all laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (**Share Buy-Back Mandate**);

- (b) unless varied or revoked by the members of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
  - (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in general meeting;
- (c) in this Resolution:

**Maximum Limit** means that number of issued Shares representing not more than 10 per cent of the issued ordinary shares of the Company as at the date of the passing of this Resolution (excluding any treasury shares which may be held by the Company from time to time); and

**Maximum Price** means that the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share in the event of any Share Buy-Back shall be determined by the Directors of the Company, but in any event, shall not exceed the maximum price, which:

- (i) in the case of an On-Market Purchase, shall mean the price per Share based on not more than 5% above the average of the closing market prices of the Shares over the last five market days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day of the On-Market Purchase and deemed to be adjusted for any corporate action occurring after such 5-market day period; and
- (ii) in the case of an Off-Market Purchase, shall mean the price per Share based on not more than 20% above the average of the closing market prices of the Shares over the last five market days on the SGX-ST, on which transactions in the Shares were recorded immediately preceding the day on which the Company makes an announcement of an offer under an equal access scheme; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (ii)]

**(Resolution 8)**

By Order of the Board

Lynn Wan Tiew Leng  
Secretary  
Singapore, 8 July 2016

**Explanatory Notes:**

- (i) 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) 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) will be calculated based on the total number of issued shares (excluding treasury shares) 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.

- (ii) The Ordinary Resolution 8 in item 9 above is to approve the renewal of the Share Buy-Back Mandate. Detailed information relating to this Ordinary Resolution 8 is set out in the letter to shareholders dated 8 July 2016 accompanying this notice in relation to the Proposed Renewal of the Share Buy-Back Mandate.

The Company intends to use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Buy-Back Mandate.

The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this notice as this will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired. For illustration purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 March 2016 are set out in Paragraph 5 of the letter to shareholders dated 8 July 2016 accompanying this notice.

**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 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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

# POWERMATIC DATA SYSTEMS LIMITED

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

## PROXY FORM

(Please see notes overleaf before completing this Form)

### 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. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. 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.

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-Seventh Annual General Meeting (the "Meeting") of the Company to be held on Monday, 25 July 2016 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 2016		
2	Payment of proposed first & final one-tier tax exempt dividend		
3	Re-election of Mr David Tan Chao Hsiung as a Director		
4	Re-election of Mr Yee Lat Shing, Tom as a 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		
8	Renewal of the Share Buy-Back Mandate		

<sup>(1)</sup> 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 ..... 2016

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

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



**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 8 July 2016.

**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.

**Powermatic Data Systems Limited**

9 Harrison Road #05-01,  
Singapore 369651  
Tel: +65 6288 8220  
Fax: +65 6280 9947  
Co. Reg.No.: 198900414E

**[www.powermatic.com.sg](http://www.powermatic.com.sg)**