



# LEVERAGING SPACE ALIGNING CONNECTIVITIES

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ANNUAL REPORT 2014

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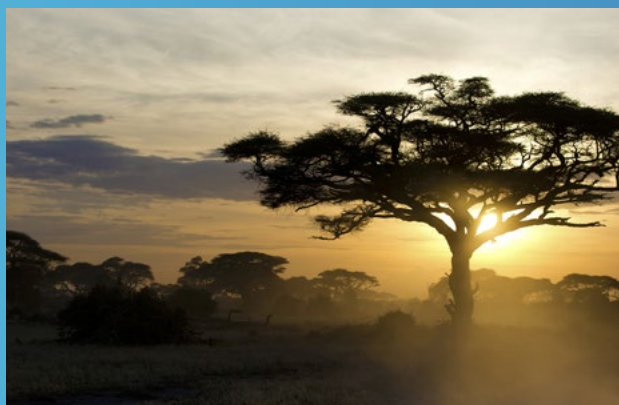
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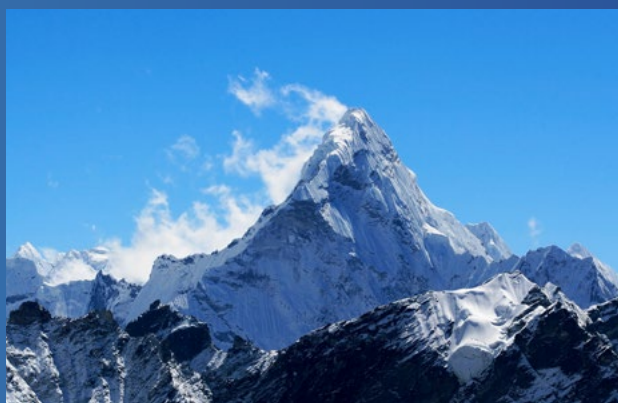
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“...THE TIME WILL COME WHEN  
WE WILL BE ABLE TO CALL A PERSON  
ANYWHERE ON EARTH MERELY BY DIALING A NUMBER.”

WORLD RENOWNED SCIENCE WRITER, ARTHUR C. CLARKE, 1959







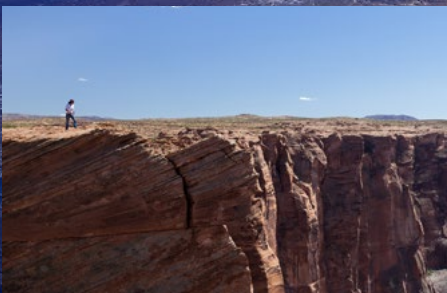
## ANYWHERE, ANYTIME, ANYONE, ANYTHING

Leveraging satellite networks in space, we develop communication terminals not only with a human touch but also a lot of smart.

Our terminals connect seamlessly and effectively to anyone or anything across the world anytime, especially in places where terrestrial networks are either non-existent or incapable of providing reliable or adequate coverage. We also enable Internet Of Things via satellites.



Personal communication



Inaccessible areas



Emergency and relief situations





Secured government and military operations



Distant high seas



Remote unmanned locations



# CORPORATE PROFILE



Addvalue Technologies Ltd and its subsidiaries (collectively, “Addvalue” or the “Group”) is a world renowned one-stop digital, wireless and broadband communications technology products innovator, which provides state-of-the-art satellite-based communication terminals and solutions for a variety of voice and IP-based data applications.

Addvalue has established itself as a key partner to many major players in the satellite communication industry, counting amongst its customer base internationally renowned leaders such as Inmarsat, Thuraya, SingTel, Astrium (an Airbus Group company), Satlink, Intellian, Applied Satellite Technology Ltd and Satcom Global.

Addvalue is presently a leading global developer and supplier

of mobile satellite terminals supporting coverage provided by premier mobile satellite communication operators. These terminals are ideal choices for communications in areas around the world where terrestrial networks are non-existent, or ineffective. This is particularly so for maritime communications, which rely almost entirely on satellite communications, and Addvalue’s products are well suited to address these needs.

Addvalue also offers customised design services, tailored to the unique needs of each of its existing and potential customers, with its total satellite communication solutions derived from its proven technologies, established capabilities as well as strong and tested working relationships with the world leading premier mobile satellite operators.



# BUSINESS MODEL

Addvalue generates its revenue streams from two main sources:

- Development fees or design income from the provision of product and solution development service against contracts awarded by its key partners; and
- Sales from supplying the abovementioned products and related application solutions.

As an authorised developer for Inmarsat BGAN terminals, the Group needs to provide products and solutions in tandem with Inmarsat's technologic and business strategic plan. In return, it receives from time to time development fees for providing such development services and also the commitment to supply these products and services.

The products and solutions of Addvalue are marketed under the Group's proprietary brand name of "Wideye<sup>TM</sup>".

**wideye**<sup>TM</sup>

liberating communications

As a competent product development house, Addvalue also provides product development services to a few key players in the satellite industry. These products, after being successfully developed by Addvalue, will be sold through the key player's unique and strong distribution and sales channels. By forging close alliances with these key players, Addvalue creates a "captive customer effect" through the supply of such customised products and solutions to these key players.

## AIR TIME REVENUE

While the development and sales of satellite communications products are core to its business, Addvalue, where appropriate, also derives share of air time revenue from its partners through creative bundling of commercial packages.

## OUTSOURCING MANUFACTURING

It is a strategic decision that Addvalue will not have in-house manufacturing facility.

As such, Addvalue outsources its manufacturing operations to an Addvalue pre-approved third party contract manufacturer. The Group manages the manufacturer through its team of supply chain and quality assurance specialists. Through the years of close collaboration and interaction with this external manufacturer and other key suppliers in the value supply chain, Addvalue has cultivated strong partnership with them to ensure the quality and timely delivery of products to the market. Through such outsourcing, Addvalue is able to focus in its forte to further enhance its core businesses.



# CHAIRMAN'S STATEMENT



We will continue to build upon our strengths and proven technical expertise to drive our product sales as well as develop innovative products and services and, through the forging of strategic partnerships, expand our global presence and increase our market share in the industry.



## DEAR FELLOW SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I present to you the Annual Report of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2014 ("FY2014").

### A REVIEW OF FY2014

The Group delivered a 34.2% improvement in turnover from US\$10.2 million in FY2013 to US\$13.7 million in FY2014, with its bottom line turned around from a loss of US\$87,000 in FY2013 to a profit after tax of US\$45,000.

With regard to its financial position, the net asset value of the Group improved by US\$0.2 million or 1.1% from US\$18.8 million as at 31 March 2013 to US\$19.0 million as at 31 March 2014, with the net asset value per ordinary share enhanced from 1.59 US cents per share at 31 March 2013 to 1.60 US cents per share as at 31 March 2014.

Notwithstanding the above, the post-tax profit attained by the Group in FY2014 could have been better had it not for the conscious efforts made by it to widen its array of new product offerings as well as deepens its reach in many of its newly cultivated markets. To this end, the Group achieved the following in FY2014:

- The successful breakthrough and mass deployment of the narrowband satellite terminals into the cost conscious Asian fishing fleets industries, with sales expected to grow steadily for the financial year ending 31 March 2015 ("FY2015");
- The continual expansion of the portfolio of the broadband terminals for marine applications, including a customized terminal for the new Inmarsat Fleet One service which was launched in May 2014 to target new market opportunities in fisheries and leisure vessels around the world; a couple more variants of such terminals are in the pipeline for partners addressing different market segments;
- The development of a new light-weight, low-cost and highly portable satellite terminal (the "iSavi Terminal") that will be the first to provide the new Inmarsat's IsatHub service (the "IsatHub Service"), which can be accessed by end users of smart phones



and tablets via WiFi connectivity for voice, data and internet applications. The strong reception to the preview of IsatHub services by Inmarsat in conjunction with the preview of the Group's iSavi Terminal at CommunicAsia 2014 in June 2014 beacons a successful commercial launch of the product and services later this year; and

- The receipt of a grant provided by Singapore Economic Development Board ("EDB") to develop new capabilities for innovative satellite-based terminal and associated solutions to enable highly efficient and timely data relay services for satellites in the low earth (LEO) orbits. This new development project, which was mentioned by Mr S Iswaran, Minister (Prime Minister's Office) and Second Minister for Home Affairs and Trade & Industry, at the Global Space and Technology Convention 2014 on 6 February 2014, is expected to usher in new business opportunities for the Group in the satellite industry.

#### **SIGNIFICANT EVENT**

On 25 March 2014, the Company announced that it had entered into a conditional sales and purchase agreement for the disposal of the entire ordinary shares capital of its wholly owned subsidiary, Addvalue Communications Pte Ltd ("AVC") constituted by 1,100,000,000 ordinary shares held by the Company, to an unrelated third party buyer for a cash consideration of S\$330,000,000 (the "Disposal").

The Group presently awaits the buyer to procure the necessary remittance approval of the Disposal consideration from the Foreign Exchange Control Bureau in China (the "FECB"). As at

the date of this Annual Report, the Group is not aware of any impediments to the grant of such approval by the FECB.

#### **MOVING FORWARD**

We will continue to build upon our strengths and proven technical expertise to drive our product sales as well as develop innovative products and services and, through the forging of strategic partnerships, expand our global presence and increase our market share in the industry.

#### **A WORD OF THANKS**

On behalf of the Board, I would like to extend my deepest appreciation to the management and staff for their dedication and hard work in helping the Group realize its many milestones during the year. I would also like to extend my thanks to our customers, business partners and suppliers for the unrelenting support and the confidence they have had in our Group.

I would also like to thank our Board members for their contributions and guidance throughout the year. Last but not least, I am extremely grateful to you, our Shareholders, for standing by us, and look forward to your continual support as we strive to create a greater Shareholders' value for all in FY2015 and beyond.

**Dr Colin Chan Kum Lok**  
Chairman & CEO





# FINANCIAL REVIEW



## TURNOVER

Our Group turned in a total turnover of US\$13.7 million in FY2014, an improvement of 34.2% from US\$10.2 million attained in FY2013. The increase was attributable principally to: (1) increased sales of our maritime products, particularly our new FX series range of terminals and our new Thuraya-centric narrowband products; and (2) higher design income, particularly in respect of: (i) a new design cum development contract entered into with Inmarsat in 3Q2013 for the development of iSavi Terminal, premised on Inmarsat-4 BGAN platform and via WiFi, will empower customers to use their smart phone or tablet whenever they go by accessing an app on the user's device; and (ii) a design contract entered with EDB to co-develop a space terminal.

## PROFITABILITY

Our Group registered a gross profit of US\$6.2 million in FY2014 compared to that of US\$4.5 million in FY2013 and at a gross profit margin of 45.2% in FY2014 relative to that of 44.3% in FY2013.

In tandem with increased business activities and in support of the sales of SIM cards in complementing our product sales as we seek to forge closer partnership with air time providers in making ways for more future recurring revenue (the "Paving For Recurring Revenue Strategy") as well as the increase business activities in the Eastern Asia, our selling and distribution spending has increased by 42.4% to US\$1.3 million in FY2014 from US\$0.9million in FY2013, especially so for the making of further inroads into certain newly cultivated markets.

Our administrative expenses increased by 30.3% from US\$1.5 million in FY2013 to US\$1.9 million in FY2014, due mainly to higher manpower costs and increased rental costs in respect of a bigger new office premises which we moved into in 3Q2014.

Our other operating expenses increased by 33.1% from US\$2.1 million in FY2013 to US\$2.8 million in FY2014, principally as a result of: (1) increased amortisation of intangible assets following the completion of several projects in FY2013; (2) write-off of the remaining renovation costs including furniture and fittings in respect of our former office premises; (3) write-off of some slow moving inventories; and (4) higher depreciation charge following our relocation to the new office premises.

Included in our finance expenses in FY2013 was an amount of US\$217,000 attributed to the adjustment of the Group's borrowings to its fair value.

Included in the Group's other operating income in FY2013 was an amount attributed from the compensation by Sea Tel to the Group received in Q2FY2013 in connection with the Termination of the collaboration arrangement in respect of materials having already been purchased by the Group. Consequence to the above, our Group turned around its bottom line from a net loss after tax of US\$87,000 in FY2013 to a net profit after tax of US\$45,000 in FY2014.

## FINANCIAL POSITION

The increase in our property, plant and equipment was principally attributed to the capitalization of renovation costs as well as new office furniture and equipment acquired in October 2013 in conjunction with the relocation to our new office premises.

The increase in our intangible assets was attributed mainly to the development expenditures as we continue to develop our proprietary products, including new spin-off products.

# FINANCIAL REVIEW

The increase in our inventories was mainly attributed to increased semi-finished goods as well as raw materials purchased in meeting increased production needs of our wider range of products.

The decrease in our trade receivables was largely due to collections received in 2014.

The higher amounts due from customers for contract work as at 31 March 2014 relative to that of 31 March 2013 was due to work done but yet to be billed in respect of several new design projects procured.

The increases in our other receivables, deposits and prepayments in 2014 were due mainly to prepayments to suppliers for goods and services to be provided, additional deposits placed with the landlord of our new office premises, as well as an amount temporarily held in trust by an employee for future operational expenditure to be incurred by an overseas subsidiary of the Group which was recently incorporated.

The increase in our trade payables was in line with increased business activities while the increase in advances received from customers was attributable to deposits placed by certain customers for some special projects. The increases in other payables and accruals were largely attributable to an advance from a shareholder.

The decrease in current borrowings, albeit additional loans procured in FY2014, was due to a reclassification of an existing loan, which had its tenure extended from 6 December 2014 to 31 March 2016, to non-current liability.

The increase in share capital was attributed to the exercise of 5,470,000 employees' share options by employees of the Group in FY2014 under its Employees' Share Option Scheme.

Consequence to the above:

- the gearing of the Group (defined as the ratio of all interest-bearing loans of the Group to the shareholders' fund of the Group) increased from 14.7% as at 31 March 2013 to that of 15.6% as at 31 March 2014;
- the operating cash position of the Group improved from a negative of US\$1.2 million in FY2013 to a positive of US\$0.4 million in FY2014.
- its working capital position of the Group doubled to US\$4.0 million as at 31 March 2014 from US\$1.9 million as at 31 March 2013; and
- the net asset value of the Group improved marginally by US\$0.2 million or 1.1% from US\$18.8 million as at 31 March 2013 to US\$19.0 million as at 31 March 2014, with the net asset value per ordinary share enhanced from 1.59 US cents per share as at 31 March 2013 to 1.60 US cents per share as at 31 March 2014.



# OPERATIONS REVIEW

During FY2014, the Group paid keen attention to build and strengthen the following key growth areas:

## **BREAKING INTO THE SMALL VESSEL MARKETS**

Our consistent efforts and strong partnership with service providers to break into the cost conscious small fishing fleet markets in the North Asia and South East Asia have resulted in the mass deployment of our narrowband terminals in these markets. With the increasing awareness of our products and the associated merits of the satellite-based communications in the fishing fleet communities, we expect to grow further market share in this arena. At the same time, we are extending our product portfolio and forging partnerships to integrate solutions and package services to fit the various applications needs of the small vessels markets in Asia and beyond.

## **RIDING ON INMARSAT'S XPRESSLINK AND GLOBAL XPRESS PROGRAM**

At the core of the new Inmarsat's maritime business initiative is the advocating of the combined and integrated services of its highly reliable FleetBroadband ("FBB") service and the highly efficient Global Express ("GX") service. This has added new impetus to the demand of the FBB terminals as Inmarsat has introduced the Inmarsat XpressLink as an interim to the GX service which will only be available next year. Our Inmarsat FBB terminals, including our OEM variants (such as the Intellian FBB terminals and the iFusion series of terminals), are taking advantage of the new impetus as they are currently capable of supporting integrated XpressLink services. We have undertaken to upgrade these terminals to support the integration with the GX.

Further, the iFusion series of terminals are now taking centre-stage of Inmarsat's strong promotion of the integration of the FBB service and the GX service after Inmarsat's acquisition of Globe Wireless at the end of last year, and we shall continue to work closely with Inmarsat to ensure the widening deployment of the iFusion series of terminals in anticipation of the new launch of Inmarsat's GX service next year.

## **BRINGING SATELLITE COMMUNICATIONS CLOSER TO MASS CONSUMER WORLD**

In line with our product strategy to break new ground for greater mass market reach, we have successfully developed the iSavi terminal, which is the first, most compact and highly portable satellite communication terminal for the new Inmarsat IsatHub service. Leveraging the ubiquitous use of smart phones and tablets, Inmarsat aims to draw the interests of such end users to the seamless experience of applications on the smart devices via the iSavi Terminal. As the Inmarsat IsatHub service promises very flexible and affordable air time packaging, the iSavi Terminal is well poised to explore new business opportunities unprecedented for the satellite communications industry.

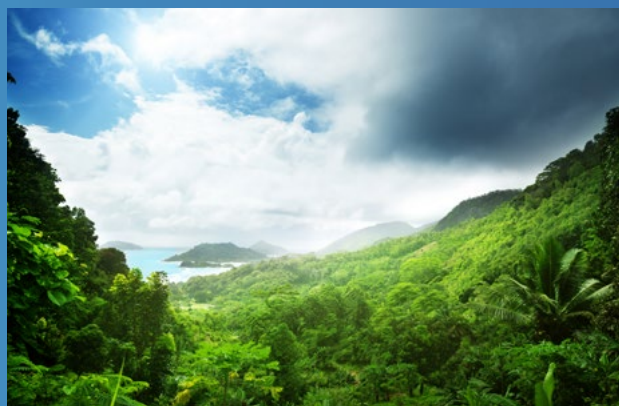
## **CONTINUE TO BUILD GROWTH MOMENTUM IN NICHE MARKETS FOR LAND BASED TERMINALS**

Collaborating closely with our service partners we have made good progress to position our land mobile terminals in a number of key governmental projects for disaster response and security. In a similar vein, we have also mounted concerted marketing efforts with Inmarsat in opening up various opportunities for our M2M (Machine-to-Machine) and SCADA (Supervisory Control and Data Acquisition) terminals in oil and gas, energy and environmental controls. As our alignment of business development efforts with those of our partners in the niche areas begins to attract new users, we shall stay focused and continue to build the momentum in these market segments.

## **STAYING FOCUSED ON BUILDING CORE COMPETENCY**

While we are fixated on building our business and strengthening our sales and marketing in the abovementioned growth areas, we have also been relentless in honing our core technical competency, building new capabilities and enriching our technologic knowhow by attracting high end design projects relevant to our future growth. In line with this strategy we have secured the support of EDB to deepen and extend our technical capabilities in space technology relevant to satellite-based communication industry which has recently seen a renaissance of very serious investments by even some new economic giants such as Google.







# PRODUCT SHOWCASE

The group's prevailing list of products

## INMARSAT-CENTRIC PRODUCTS



### Wideye™ SABRE™ 1

SABRE™ 1 is an Inmarsat land portable class 3 BGAN terminal that allows global simultaneous voice calls and high speed data connectivity with a data rate of up to 384kbps. With more than 13,000 units shipped for many mission-critical purposes, including election campaigns in Brazil, the Philippines and Congo, it is arguably the most cost effective and reliable portable BGAN terminal.



### Wideye™ SABRE™ Ranger and Wideye™ SABRE™ Ranger M2M

A series of waterproof and ruggedised Inmarsat BGAN terminals suitable for SCADA and M2M applications in all-weather and harsh outdoor conditions. In addition, with intrinsic safety certification, the terminals are suitable for the oil and gas industries and designed to operate 24/7 autonomously and reliably transmit mission critical data from hard-to reach locations to user's corporate headquarters and receive instructions from there with a data rate of up to 384kbps.



### Wideye™ SKIPPER™ 150

An Inmarsat FleetBroadband terminal well suited for use by smaller vessel owners across a broad range of maritime markets and provide reliable communication, position reporting and navigational updates critical to the maritime industry with data rate of up to 150kbps.



### Wideye™ iSavi™

A smart device satellite connectivity terminal which just launched at this year's CommunicAsia trade show in Singapore. It has a standard IP data rate of up to 240/384kbps send/receive. It can extend your smartphone, tablet or laptop connectivity needs via Inmarsat's IsatHub service, enabling users to talk, text and access the internet, while preserving all of the functions, contacts, apps and other important information you are used to on your smart device(s), no matter where you roam.



### Wideye™ SAFARI™ and Wideye™ SAFARI™ 10

A series of Inmarsat land vehicular BGAN terminals which we developed for installation in vehicles. It allows users to access both Internet (with WiFi capability) and voice communications in a moving vehicle, targeting a wider market concerning vehicular fleet management, news and broadcasting companies. SAFARI™ supports streaming of up to 128kbps and Standard IP data rate of up to 464kbps; SAFARI™ 10 supports streaming of up to 256kbps and Standard IP data rate of up to 492kbps.



### Wideye™ FX Series

The FX series is a suite of Inmarsat FleetBroadband terminals comprising the FX 150 with a data rate of up to 150kbps, the FX 250 with a data rate of up to 284kbps and FX 500 with a data rate of up to 432kbps. FX 250 and FX 500 are also equipped to support Inmarsat XpressLink service and Inmarsat Global Xpress service when it becomes available in 2015.





### SATLINK FB250

An OEM product developed specifically for Satlink S.A. It is an Inmarsat FleetBroadband terminal which offers traditional telephony, facsimile, SMS (Short Messaging System), email services and internet access, video conferencing, VoIP (Voice over Internet Protocol), instant messaging, real-time electronic chart, weather update, vessel telemetry, files transfer at a data rate of up to 284kbps.



### iFUSION®

The iFusion series of terminals now represent the flagship terminals for Inmarsat Maritime after the acquisition of Globe Wireless LLC by Inmarsat in January 2014. The iFusion series of terminals fully integrate shipboard satellite communications, shoreside administrative control and GSM voice service for crews. i250 and i500 are capable of delivering full FleetBroadband services and ideally poised to support Inmarsat XpressLink service and Inmarsat Global Xpress service when it becomes available in 2015.



### Fleet One

Fleet One terminal, for leisure and fishing vessels, is an OEM product specially designed for Inmarsat new service allowing flexible regional price plans and offers tailored airtime pricing in key coastal regions to keep costs down.

## THURAYA-CENTRIC PRODUCTS



### Wideye™ Seagull 5000i and SeagullConnect™

Seagull 5000i is a voice, data and fax satellite terminal with a built-in GPS tracking system specially designed for reliable performance in the harsh maritime and land environment. SeagullConnect is a new auxiliary box customised for Seagull 5000i to enable analog G3 fax function and analog telephony function over the Thuraya satellite network.



### Wideye™ SF2500™

A voice, SMS and GPS tracking satellite terminal specially designed as a robust, versatile and cost effective solution for medium to small size fishing vessels, pleasure boats, patrol boats and other sea vessels or land vehicles. This low cost, easy-to-install and user-friendly terminal enables users to make satellite voice calls to normal PSTN phones, mobile phones and other satellite phones through the Thuraya satellite network.



### Atlas IP

An OEM product developed specifically for Thuraya Telecommunications Company. It is specifically designed to deliver added value to end-users seeking enhanced connectivity and greater operational efficiency on board ships. It provides merchant maritime, fishing, government and leisure users with a purpose-designed, fully-featured maritime satellite terminal that supports voice and broadband IP data connectivity at speeds of up to 444kbps.





# BOARD OF DIRECTORS

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## DR CHAN KUM LOK, COLIN

### **Chairman and Chief Executive Officer**

Dr Chan, the key co-founder of the Group, is responsible for the overall management of financials, investor relations, operations and formulation of business strategies and policies of the Group. As a Mechanical Engineer with about 30 years of experience in communications product design and manufacturing, business development and corporate management, he was responsible for formulating the strategies in restructuring and transforming the Group to be a satellite communications focused company.

Dr Chan graduated with a Bachelor of Science Degree in Mechanical Engineering with First Class Honours from the University of Strathclyde, UK, and was conferred a PhD in Mechanical Engineering from the same university in 1984.

## MR TAN KHAI PANG

### **Chief Operating and Technology Officer**

Mr Tan, one of the co-founders, has about 30 years of experience in product development and project management in the field of telecommunications. In the past fifteen years, his work was primarily focused on satellite communications product development and strategic business management. He was instrumental in re-moulding the Group's strategies and organizational competences necessary for the successful business transformation of the Group from consumer product-centric to satellite-based terminals and related application focus. His in-depth understanding of the industry and the competing forces helps the Group position its niche in the market. He oversees the business and technology development in order to ensure an integrated and cohesive overall Group strategic direction. Mr Tan graduated from the University of Knoxville, USA with a Bachelor of Science Degree in Electrical Engineering with Highest Honours. He holds a Master of Science Degree in Engineering (Telecommunications) from the University of California, Los Angeles Campus, USA.

## MR TAN JUAY HWA

### **Executive Director**

Mr Tan, one of the co-founders, has more than 30 years of experience in communications design, proprietary software technology development for communications products and product development management. In the past fifteen years, his primary focus was on project management and firmware development for satellite communication products. Mr Tan holds a Diploma in Electronics from the Ngee Ann Polytechnic and a Master of Business Administration Degree from the Open University, United Kingdom.



### MR LIM HAN BOON

#### Lead Independent Director

Mr Lim was appointed to the Board since the Initial Public offering of the Company in June 2000 and serves as an Independent Director. At present, he is the Chairman of our Audit and Nominating Committees and on 26 June 2014, he was appointed Lead Independent Director of the Company. With more than 18 years of experience in investment banking and private equity financing services, he has been advising the Company on matters concerning financial reporting, compliance with listing rules and other regulatory requirements, upholding of good practices for sound corporate governance, fund raising and corporate restructuring etc. Mr Lim holds a Master of Business Administration (Finance) Degree from the City University, UK and a Bachelor of Accountancy Degree from the National University of Singapore, Singapore. He is a Fellow Member of Institute of Singapore Chartered Accountants and a Full Member of the Singapore Institute of Directors.

### MR ANG ENG LIM

#### Independent Director

Mr Ang was appointed to the Board on 13 October 2006 and serves as an Independent Director of the Company. At present, he is the Chairman of our Remuneration Committee. Mr Ang is a Chartered Accountant (Singapore) and a Fellow Member of the Association of Chartered Certified Accountants and the Insolvency Practitioners Association of Singapore Limited. He has more than 37 years of experience in areas relating to the provision of audit assurance, accounting, tax consultancy, corporate secretarial and general management services, including more than 33 years as a Practising Accountant. Mr Ang is currently a director of R Chan & Associates PAC, Chartered Accountants of Singapore.

### MR MICHAEL J BUTLER

#### Independent Director

Mr Michael J Butler was appointed to the Board on 1 September 2010 and serves as an Independent Director of the Company. Mr Butler, a British national, has over 22 years of successful commercial experience in world class, high technology businesses, including more than 13 years in senior general management roles with full P&L responsibility. From May 2000 to April 2009, Mr Butler served as the Managing Director, then President & Chief Operating Officer and an executive board director of Inmarsat, a FTSE 100 company. Inmarsat, the acknowledged world leader in the provision of global mobile satellite communications services to enterprise and government customers - on land, at sea and in the air, provides voice, data and broadband services in over 200 countries, via a worldwide network of over 500 partner organizations.

In April 2012, Mr Butler was appointed into the Board of Director of Thuraya Telecommunications Company, to serve as one of its Independent Directors. Thuraya was established in 1997 and has grown into a multimillion dollar business offering satellite performance and solutions; its portfolio, encompassing data, voice and maritime products and services, supports dual GSM and satellite mode and advanced applications to provide people and businesses with constant connectivity when they need it most. Thuraya specifically designs successful satellite communication solutions for vertical sectors such as energy, media, government, NGOs and maritime.



# KEY MANAGEMENT

## MS. CHOW CHOI FUN, JACKIE

### Financial Controller

Ms Chow, joined the Group in 2010. She is responsible for the accounting, financial, secretarial and tax related matters of the Company. She is in the accounting profession for more than 23 years with more than 11 years working experience in Singapore listed companies. Prior to joining the Company, she was the Financial Controller of a SGX Main Board listed marine company from April 2007 to July 2010 and was the General Manager – Finance of a SGX Main Board listed electronic company from February 2006 to March 2007 and the Corporate Finance Manager of another SGX Sesdaq listed electronic company from July 2002 to January 2006. Ms Chow is a Fellow Member of the Association of Chartered Certified Accountants and an Associate member of the Institute of Singapore Chartered Accountants.

## MR. E.M.L. EKANAYAKE

### Head of Hardware Engineering

Mr Ekanayake joined the Group in 1996 and specializes in electronics hardware design. He has more than 23 years of experience in the areas of analog and digital telephony-related product development, hardware design for satellite communication products, and design and development of tracking, navigation and remote monitoring products using GPS, GPRS technologies. Mr Ekanayake graduated from the University of Peradeniya (Sri Lanka) with a Bachelor of Science (Hons) Degree in Engineering and holds a Graduate Diploma in Information Communication Technology from Nanyang Technological University.

## MR. K. KALAIVANAN

### Head of Software and Application Engineering

Mr Kalaivanan joined the Group in 1996 and specializes in telecommunications software development, especially in the area of wireless communications and networking protocols. He heads the software design team of the Group, which also manages the software development of the Inmarsat BGAN satellite terminal projects. With more than 23 years of experience in the telecommunications industry and in product development and project management, especially in wired and wireless

communications products, he has been involved in various research and development projects.

Mr Kalaivanan graduated from Annamalai University, India with a Bachelor of Engineering (Hons) Degree in Electronics and Instrumentation. He also holds 2 Masters Degrees, one in Master of Engineering (Hons) in Instrument Technology from Madras Institute of Technology, Anna University, India and another Master of Science in Communications Software Management, specialised in Data Communication and Networking Software, from the University of Essex, UK.

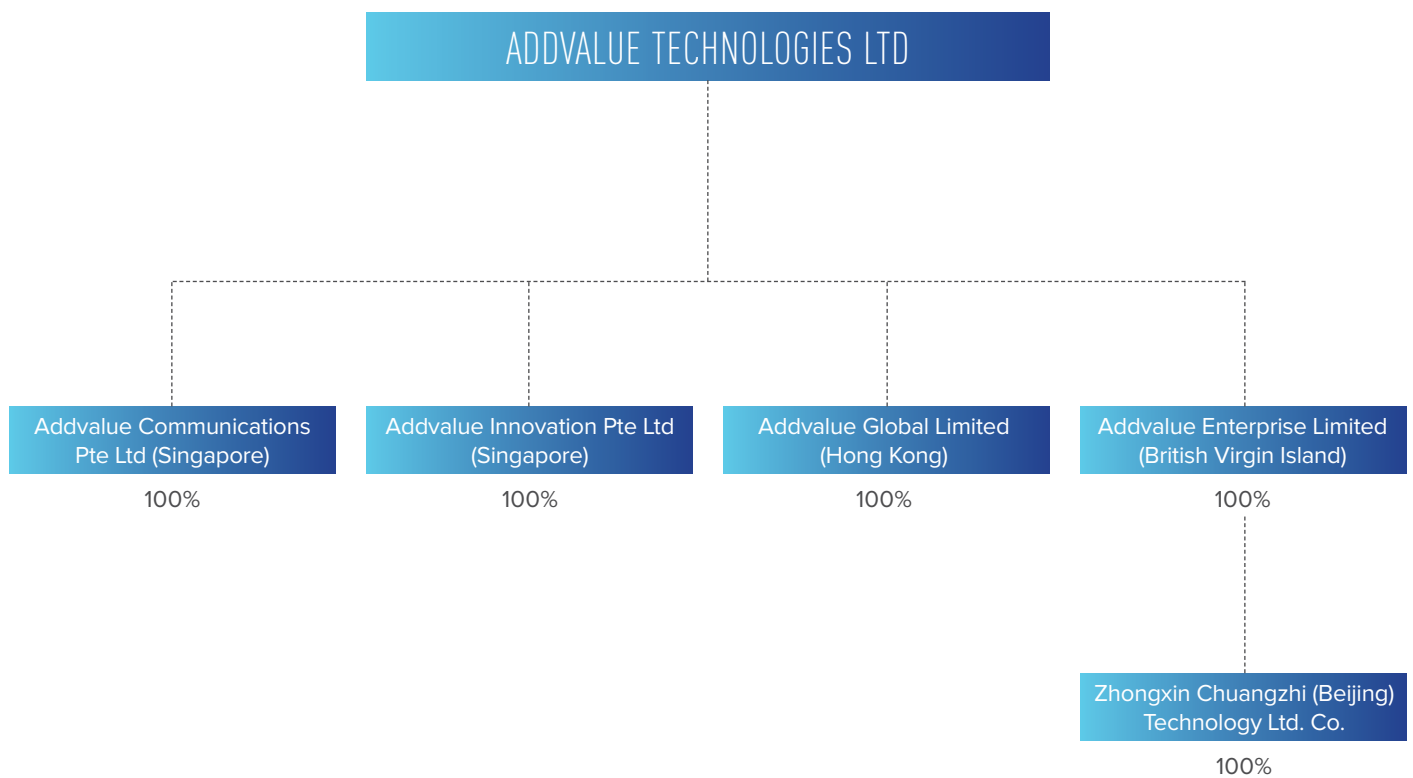
## DR LIM WEI MING

### Head of Advanced Development

Dr Lim first joined the Group in 2005. From 2007 to 2010 he was with Institute of Information Research ("I<sup>2</sup>R") under Agency for Science Technology and Research ("A\*STAR"), a Singapore government-owned organization to undertake various research work. Dr Lim is currently in-charge of the technology development programs and also heading developmental work on baseband design. With more than 11 years of experience in designing state-of-the-art communications systems, especially in the area of satellite communications for both fixed and mobile satellite terminals, he is well versed in many aspects of embedded systems design, including (FPGA) Field Programmable Gate Array, ASIC (Application Specific Integrated Circuit) and digital signal processing. Having been involved in many research and development projects over the years, he is also responsible for identifying future technology trends and finding opportunities to leverage on the research and development expertise of local research institutes and universities. Dr Lim graduated with a PhD in Electronics Engineering and a Bachelor Degree (First Class Honours) in Electronics Engineering (Computing), both from the University of Sheffield, UK.



# GROUP STRUCTURE







# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dr Chan Kum Lok, Colin**

Chairman & CEO

**Mr Tan Khai Pang**

Executive Director

**Mr Tan Juay Hwa**

Executive Director

**Mr Lim Han Boon**

Lead Independent Non-Executive Director

**Mr Ang Eng Lim**

Independent Non-Executive Director

**Mr Michael J Butler**

Independent Non-Executive Director

## AUDIT COMMITTEE

**Mr Lim Han Boon**

Chairman

**Mr Ang Eng Lim**

**Mr Tan Khai Pang**

**Mr Michael J Butler**

## NOMINATING COMMITTEE

**Mr Lim Han Boon**

Chairman

**Mr Ang Eng Lim**

**Mr Tan Khai Pang**

**Mr Michael J Butler**

## REMUNERATION COMMITTEE

**Mr Ang Eng Lim**

Chairman

**Mr Lim Han Boon**

**Mr Tan Khai Pang**

**Mr Michael J Butler**

## COMPANY SECRETARY

**Ms Foo Soon Soo**

## REGISTERED OFFICE

8 Tai Seng Link, Level 5 (Wing 2)

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## REGISTRAR

**KCK CorpServe Pte Ltd**

333 North Bridge Road #08-00

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## AUDITORS

**Crowe Horwath First Trust LLP**

8 Shenton Way

#05-01 AXA Tower

Singapore 068811

Partner-in-charge: Alfred Cheong

Date of Appointment: From FY2014

## COMPANY REGISTRATION NUMBER

199603037H



## CORPORATE GOVERNANCE REPORT & FINANCIAL CONTENT

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# CORPORATE GOVERNANCE REPORT

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The Board of Directors of the Company (the “Board”) is committed to ensure that high standards of corporate governance and transparency are practiced for the protection of the interests of Shareholders. This statement outlines the Company’s corporate governance processes with specific reference to the Code of Corporate Governance 2012. In areas where the Company deviates from the Code, the rationale is provided.

## BOARD MATTERS

### BOARD’S CONDUCT OF ITS AFFAIRS

***Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the management to achieve this outcome and the management remains accountable to the Board.***

The Board is responsible for protecting and enhancing long-term Shareholders’ value. It provides directions and guidance to the overall management of the Group. The Board comprises three Executive Directors and three Independent Directors.

Newly appointed directors will be given an orientation program to familiarize themselves with our Group’s operation. The experience and competency of each director contribute to the overall effective management of the Group.

During the financial year reported on, the directors had received updates on regulatory changes to the Listing Rules and the accounting standards and the Code of Corporate Governance 2012. The Chairman updates the Board at each Board meeting on business and strategic developments and also highlights the salient issues as well as the risk management considerations for the Group. The Directors had also attended appropriate courses, conferences and seminars, including programmes run by the Singapore Institute of Directors.

The primary role of the Board includes the following:

- Setting and approving policies and strategies of the Group
- Reviewing and approving the financial performance of the Group, including its quarterly and full year financial results’ announcements
- Reviewing the adequacy of the Group’s internal controls and the financial information reporting system
- Monitoring the composition, processes and performance of the Board as well as the selection of a director
- Reviewing and approving remuneration packages of the Board members and key executives
- Reviewing business results, monitoring budgetary control and effecting corrective actions
- Authorizing and monitoring major transactions such as fund raising exercises and material acquisition

To facilitate effective management, certain roles have been delegated to various Board members by the establishment of an Audit Committee, a Nominating Committee and a Remuneration Committee. These Committees function within clearly defined terms of reference which are reviewed on a regular basis. The effectiveness of each Committee is also closely monitored.



# CORPORATE GOVERNANCE REPORT

The Board meets regularly, formally or otherwise, and as warranted by particular circumstances or as deemed appropriate by the Board members. Attendance via audio or audio-visual equipment is permitted under Article 110(4) of our Company's Articles of Association. To assist the Board in fulfilling its responsibilities, the Board will be provided with management reports and papers containing adequate, relevant and timely information to support the decision making process.

Matters which are reserved for the Board's approval include the following:

- Review of the performance of the Group
- Approval of the corporate strategy and direction of the Group
- Approval of transactions involving a conflict of interest for a substantial Shareholder or a director or an interested person
- Material acquisition and disposal
- Corporate or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment of new directors

Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), and Remuneration Committee ("RC"), have been constituted to assist the Board in the discharge of specific responsibilities. Please refer to Principles 4 to 5, 7 to 9, 11 and 12 herein for further information on the activities of the AC, NC and RC respectively.

From 26 June 2013 being the date of the last Annual Report, to the date of this Annual Report, excluding ad hoc informal meetings and discussions carried out via teleconferencing or emails, our Company convened four Board meetings, five Audit Committee meetings, one Nominating Committee meeting and one Remuneration Committee meeting.

The Directors' attendance at the above-mentioned meetings are detailed as follows:

Director	Board	Audit	Nominating	Remuneration
Dr Colin Chan Kum Lok	4	N/A	N/A	N/A
Tan Juay Hwa	4	N/A	N/A	N/A
Tan Khai Pang	4	5	1	1
Lim Han Boon	4	5	1	1
Ang Eng Lim	4	5	1	1
Michael J Butler	3	4	0	0

## BOARD COMPOSITION AND BALANCE

**Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The Board comprises six members, three of whom, namely Mr Lim Han Boon, Mr Ang Eng Lim and Mr Michael J Butler, are Independent and Non-Executive. Key information regarding the directors and their appointments on the various Board Committees is contained herein.



# CORPORATE GOVERNANCE REPORT

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There are presently three Committees, namely the AC, NC and RC, commissioned by the Board. All Committees are chaired by an Independent Director, with majority of members being non-executive and independent.

The Board members, collectively, have a diverse spread of expertise covering business and management experience, industry knowledge, strategic planning skills, accounting and financial knowledge. Our Company is of the view that the Board, as a whole, provides core competencies necessary to meet the Group's requirements, taking into account the nature and scope of the Group's operations. In carrying out their obligations as directors of our Company, access to independent professional advice, where necessary, is also available to all Directors, either individually or as a group, at the expense of our Company.

The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board is of the opinion that the current size of the Board is adequate, taking into account of the nature and scope of the Group's operations.

The criterion for independence is based on the definition given in the Code. The Code has defined an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

Presently, Mr Lim Han Boon has served the Board as Independent director for more than nine years. Taking into account the views of the NC (without the participation of Mr Lim Han Boon), the Board concurs the Independent Directors have over the years developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. On a yearly basis, based on the views of the NC (excluding Mr Lim Han Boon) and the assessment by the Board (without the participation of Mr Lim Han Boon) and having regard to Guideline 2.4 of the Code of Corporate Governance 2012, the Board (excluding Mr Lim Han Boon) is of the view that although Mr Lim Han Boon has served on the Board for more than nine years, his independence will not be compromised for the following reasons:

- (a) he has demonstrated a high degree of independence from the management of the Group during his term as an Independent Director of the Group, in particular, as the Chairman of the AC; and
- (b) he has shown significant commitment to the Group and has brought to the Board considerable financial expertise as an Independent Director of the Group.

Mr Lim has confirmed that he has no association with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment. After taking into account all these factors, the Board has determined Mr Lim is independent.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

***Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual represents a considerable concentration of power.***

Since the incorporation of the Company, the Company has not adopted a dual leadership structure, whereby there is a separate Chief Executive Officer ("CEO") and Chairman on the Board. The Executive Directors are deeply involved in managing the daily operations of the Group and are expected to act in good faith and always in the interests of the Group. The working of the Board and the executive responsibility of the Group's business are interconnected. The Executive Directors, including the Chairman, who understand the business of the Company and the Group thoroughly, will provide better guidance to the decisions and workings of the Board. Hence, there is no immediate plan to create a separate dual function.

There are constant communications among Board members and any key decision will require the approval from all Directors prior to implementation.

In addition, half of the Board currently comprises Independent and Non-Executive Directors and the Chairman cum CEO of the Company is not a member of any Committee. Mr Lim Han Boon has on 26 June 2014 been appointed by the Board as the Lead Independent Director.

## BOARD MEMBERSHIP

***Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.***

The Nominating Committee was established in October 2002 and currently comprised the following members, majority of whom, including the chairman, are independent and non-executive:

Lim Han Boon	(Chairman/Independent and Non-Executive)
Ang Eng Lim	(Member/Independent and Non-Executive)
Michael J Butler	(Member/Independent and Non-Executive)
Tan Khai Pang	(Member/Executive Director)

The role of the Nominating Committee is to make recommendations to the Board on all board appointments. The Committee is charged with the responsibility of re-nomination, having regard to the Director's contribution and performance, including, if applicable, as an Independent Director. The Nominating Committee is also charged with determining annually whether or not a Director is independent.

In addition, Article 104 of our Company's Articles of Association provides that except for the Managing Director (or the Chairman cum CEO in its equivalent), "at least one third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation".

The Company has in place policies and procedures for the appointment of new Directors, including the description on the search and nomination process.





# CORPORATE GOVERNANCE REPORT

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The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

Lim Han Boon has confirmed that he is able to devote sufficient time and attention to the affairs of the Group. In this regard, they have also considered various factors, including the following:

- (a) Mr Lim Han Boon does not have any full-time executive commitments in any companies; and
- (b) Mr Lim Han Boon has maintained a good attendance record and has actively participated at the respective board and committee meetings of the other SGX-ST listed companies for which he currently acts as a director.

After making all reasonable enquiries and having considered the aforementioned, nothing has come to the attention of the Nominating Committee (excluding Mr Lim Han Boon) to cause them to doubt that Mr Lim Han Boon has the ability to commit sufficient time and attention to the affairs of the Group.

## BOARD PERFORMANCE

***Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.***

The NC had established a formal evaluation process to assess the effectiveness of individual directors and of the Board as a whole.

Each year, the Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board Committees, as well as each individual director's contributions to the Board and Board Committees. The results of the appraisal exercise were considered by the NC, which then made recommendations to the Board, aimed at helping the Board discharge its duties more effectively. The appraisal focuses on Board's composition, maintenance of independence, Board's information, Board's process, Board's accountability, communication with the management and standard of conduct.

The overall assessment of individual directors and of the Board as a whole was good for the financial year ended 31 March 2014, and it is the Board's endeavour to further improve and enhance its effectiveness over the Group's financial performance. The Board is also satisfied that each Director has allocated sufficient time and resources to the affairs of the Group.

## ACCESS TO INFORMATION

***Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.***

# CORPORATE GOVERNANCE REPORT

Periodic financial summary reports, budgets, forecasts and other disclosure documents are provided to the Board, where appropriate, prior to Board meetings. The Board has separate and independent access to our Company Secretary and key executives.

Our Company Secretary and/or its representative are present at all formal Board meetings to respond to the queries of any Director and to assist in ensuring that Board's procedures and applicable rules and regulations are followed.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice, in order for the Directors to effectively discharge their duties and responsibilities.

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES & LEVEL AND MIX OF RENUMERATION

***Principle 7: There should be a formal and transparent procedure for fixing on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.***

***Principle 8: The level of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate - to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

The Remuneration Committee was established in May 2000 and currently comprised the following members, majority of whom, including the chairman, are independent and non-executive:

Ang Eng Lim	(Chairman/Independent and Non-Executive)
Lim Han Boon	(Member/Independent and Non-Executive)
Michael J Butler	(Member/Independent and Non-Executive)
Tan Khai Pang	(Member/Executive Director)

The role of the Remuneration Committee is to recommend to the Board a framework for remunerating the Board and key Executives and to determine specific remuneration packages for each Executive Director of the Company. The Independent and Non-Executive Directors believe that the Remuneration Committee benefits and will continue to benefit from the inputs of Mr Tan Khai Pang, the Executive Director, in carrying out its functions effectively. Each Remuneration Committee member will abstain from voting on any resolution with respect to his own remuneration package.

Our Company's remuneration policy is to provide compensation packages at market rates which reward good performance and attract, retain and motivate employees and Directors.

The Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining their respective remuneration packages.



# CORPORATE GOVERNANCE REPORT

The Board has also recommended that a fixed fee be paid for each of the Non-Executive Directors, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The fees of the Non-Executive Directors will be subject to Shareholders' approval at the Annual General Meeting.

The remuneration policy for key Executives is based largely on the Group's performance and the responsibilities and performance of each individual key Executive. The Committee members recommend the remuneration packages of key Executives for the approval by the Board.

The Addvalue Technologies Employees' Share Option Scheme ("Scheme") expired on 31 July 2012. While the Scheme has expired, the options previously granted when the Scheme was in effect, continue to be valid and exercisable until the expiry of the options' exercise period, details of which are set out under Principle 9 of the Code.

## DISCLOSURE ON REMUNERATION

***Principle 9: Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

Details of the remuneration paid or proposed to be paid to the Directors of our Company for the financial year ended 31 March 2014 are set out below:

Remuneration Bands	Director	Director's Fees (%)	Fixed Salary* (%)	Benefits (%)
S\$250,000 to S\$499,999	Dr Colin Chan Kum Lok	—	95	5
	Tan Khai Pang	—	95	5
Below S\$250,000	Tan Juay Hwa	—	92	8
	Lim Han Boon	100	—	—
	Ang Eng Lim	100	—	—
	Michael J Butler	100	—	—

\* The fixed salary amounts include salary, annual wage supplements and Central Provident Fund contribution.

The Board considered the disclosure of Directors' remuneration in bands of S\$250,000 as adequate. The three Executive Directors are non-substantial shareholders and are employees of the Company, like any of the other key management personnel who are not directors, and whose remuneration are disclosed in bands of S\$250,000. The Executive Directors should not be disadvantaged as compared to other key management personnel just because they are directors.

# CORPORATE GOVERNANCE REPORT

Details of the remuneration paid to the key Executives (who are not Directors) for the financial year ended 31 March 2014 are set out below:

Remuneration Bands	Name of key Executive	Designation	Fixed Salary* (%)	Benefits (%)
\$250,000 to \$499,999	Nil			
Below \$250,000	Ms Chow Choi Fun	Financial Controller	99	1
	Mr EML Ekanayake	Head of Hardware Engineering	100	–
	Mr K Kalaivanan	Head of Software & Application Engineering	99	1
	Dr Lim Wei Ming	Head of Advanced Development	99	1

\* The fixed salary amounts include salary, annual wage supplements and Central Provident fund contribution.

No employee of the Company or its subsidiaries was an immediate family member of a Director or the CEO during the financial year ended 31 March 2014.

## The Addvalue Technologies Employees' Share Option Scheme

A summary of the grant of share options under the Scheme (the "Options") is provided below:

Date of grant	Options period	Subscription price S\$	Options Outstanding as at 1.4.13	Options lapsed/ exercised	*Options Outstanding as at 31.03.14
22.06.2010	22.06.2011 to 21.06.2014	0.035	9,270,000	(5,470,000)	3,800,000

During the financial year ended 31 March 2014, 5,470,000 Options were exercised.

\*At the date of this Annual Report, the 3,800,000 outstanding options has since been exercised and there is no outstanding unexercised options granted under the Addvalue Technologies Employees' Share Option Scheme.

## Options granted to Directors

Director	Options Outstanding as at 31.03.13 and 21.4.13	Options lapsed/exercised	Options Outstanding as at 31.3.14 and 21.4.14
Dr Colin Chan Kum Lok	–	–	–
Tan Khai Pang	–	–	–
Tan Juan Hwa	–	–	–
Lim Han Boon	–	–	–
Ang Eng Lim	–	–	–
Michael J Butler	–	–	–





# CORPORATE GOVERNANCE REPORT

## Options granted to key Executives

Key Executives	Options Outstanding as at 31.03.13 and 21.4.13	Options lapsed/exercised	Options Outstanding as at 31.3.14 and 21.4.14
E.M.L Ekanayake	—	—	—
K. Kalaivanan	—	—	—
Dr Lim Wei Ming	—	—	—
Chow Choi Fun	—	—	—

Save as disclosed above, no Directors or employees of the Group who participated in the Scheme have received five percent or more of the total number of Options available under the Scheme.

## Immediate family members of Directors or CEO

As at the date of this Annual Report, none of the employees of the Group are family members of the Directors or CEO.

## ACCOUNTABILITY AND AUDIT

### ACCOUNTABILITY

**Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with the requirements of the SGX-ST Listing Manual. Price sensitive information is publicly announced before it is communicated to any other interested person.

## RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

The Board is responsible for ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Audit Committee has reviewed the effectiveness of the Group's internal control system in the light of key business and financial risks affecting its business.

The main risks arising from the Group's business and financial instruments are operational and financial risks. Operational risk is inherent in all business activities. To minimize such risk, the Group has put in place an Enterprise Risk Management Programme ("ERM") during the year. The purpose of this programme was to actively engage senior management on a "hands-on" and proactive approach in managing and supervising the Group's business, especially on operational risks and compliance risks area. Where necessary, the Group engages external consultants and experts to assist in this area.

# CORPORATE GOVERNANCE REPORT

Pursuant to Rule 1207 (10) of the Listing Manual, based on above arrangement, the work performed by the external auditors and the reviews performed by the management, the various Board Committees and the Board, with the concurrence of the Audit Committee, the Board is of the opinion that the Group's internal controls, including operation, financial, compliance, information technology controls and risk management system, were adequate as at the date of this Annual Report.

For the financial year ended 31 March 2014, the Board has received assurance from the CEO and Financial Controller in the execution of their respective duties as CEO and Financial Controller and to the best of their knowledge and belief that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and regarding the effectiveness of the company's risk management and internal controls system.

The Board recognizes that the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and that no systems of internal controls or risk management can provide absolute assurance against the occurrence of errors, poor judgment in decision making, losses, frauds or other irregularities. It can only provide reasonable but not absolute assurance against material misstatement or loss or that the Group will not be adversely affected by any event that can be reasonably foreseen.

## AUDIT COMMITTEE

***Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.***

The Audit Committee was established in May 2000 and currently comprised the following members, majority of whom, including the chairman, are independent and non-executive:

Lim Han Boon	(Chairman/Independent and Non-Executive)
Ang Eng Lim	(Member/Independent and Non-Executive)
Michael J Butler	(Member/Independent and Non-Executive)
Tan Khai Pang	(Member/Executive)

The Audit Committee members have experience in accounting or financial related management expertise, and with the current composition, in terms of size and skill sets of the members, it is able to discharge the Audit Committee functions effectively.

The Independent and Non-Executive Directors believe that the Audit Committee benefits and will continue to benefit from the experience and expertise of Mr Tan Khai Pang, the Executive Director, in carrying out its functions effectively.

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the Listing Manual and the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. In performing those functions, the Audit Committee shall review, amongst others:

- the scope and the results of internal audit procedures with the internal auditors, or, in its absence, the scope and the results of the Group's internal audit functions;
- the audit plan of the Company's external auditors and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the external auditors;
- the periodic results announcements of the Group prior to their submission to the Board of Directors of the Company for approval;



# CORPORATE GOVERNANCE REPORT

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- the financial statements of the Company and the consolidated financial statements of the Group as well as the external auditors' report thereon for each financial year prior to their submission to the Board of Directors of the Company for approval; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Company confirms that it has complied with Rules 712 and 715 of the SGX-ST Listing Manual in engaging Crowe Horwath First Trust LLP, an accounting firm registered with the Accounting and Corporate Regulatory Authority of Singapore, as the external auditors of the Company and its Singapore subsidiaries.

With Central & Co appointed as the external auditors of the Company's Hong Kong-incorporated subsidiary, the Board and the Audit Committee are satisfied that the appointment of different auditors would not compromise the standard and the effectiveness of the audit of the Company and its subsidiaries and that Rule 716 of the SGX-ST Listing Manual has been complied with.

The Audit Committee reviews the independence of the external auditors annually. It has reviewed the amount of non-audit services rendered to the Group by the external auditors and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. During the year, there were no fees paid to the external auditors of the Company for non-audit services. Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the Audit Committee recommended to the Board that Crowe Horwath First Trust LLP be nominated for the re-appointment as external auditor of the Group's companies in Singapore at the forthcoming Annual General Meeting of the Company at remuneration to be re-negotiated.

The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties. The policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective of such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

## INTERNAL AUDIT

***Principle 13: The Company should establish an internal audit function that is that is adequately resourced and independent of the activities it audits.***

From the needs to comply with the Group's established procedures, manuals and policies, including those required by the Group's ISO 9001 certification and Business Continuity Plan certification, and the perspective of cost effectiveness coupled with the Audit Committee's review that the existing system of internal controls is adequate, the Group currently does not engage any third party internal auditor nor have a separate internal audit department.

The Group's accounts department and quality control department review the internal controls and compliance systems of the Group and report findings and make recommendation to the management and the Audit Committee. To ensure the adequacy of the Group's in-house internal audit functions, the Audit Committee meets regularly to review these functions. The Audit Committee will also review the audit plans and the findings of the external auditors and will ensure that the Group follows up on the external auditors' recommendations raised, if any, during the audit process. The Audit Committee is generally satisfied with the adequacy of the current arrangement and will continue to assess its effectiveness regularly.

# CORPORATE GOVERNANCE REPORT

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## SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

***Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

***Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

***Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

The Board places great emphasis on investor relations with the Company to maintain a high standard of transparency so as to promote better investor communications. The Board is mindful of the obligations to provide timely disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. Financial results are released promptly through SGXNET. As and when needed, a copy of the annual report, circulars and notice of general meetings will be sent to every Shareholder on a timely basis.

At the general meetings, Shareholders are given the opportunities to voice their views, raise their concerns to the Directors or question the management on matters relating to the Group and its operations. To facilitate participation by the Shareholders, the Articles of Association of the Company allows the Shareholders to attend and vote at general meetings of the Company by proxies. The Company ensures separate resolutions are proposed at general meetings on each distinct issue.

The external auditors, the chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders.

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company website.

The Company's Articles of Association allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf.

### **Dividends**

The Group currently does not have a formal dividend policy as it needs to conserve its financial resources for expansion or making inroads into newly cultivated markets.

## INTERESTED PERSON TRANSACTION

The Group has adopted an internal policy in respect of the any transactions with interested persons and requires all such transactions to be at arm's length and reviewed by the Audit Committee. The Company does not have any general mandate pursuant to Rule 920 of the SGX-ST Listing Manual. There were no interested person transactions for the financial year ended 31 March 2014.





# CORPORATE GOVERNANCE REPORT

Disclosure of interested person transactions is set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions conducted (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
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Nil

## SECURITIES TRANSACTIONS

The Company has adopted a policy prohibiting dealings in the Company's shares by Directors and employees of the Company and its subsidiaries on short-term considerations or if they are in possession of unpublished material price sensitive information; The directors and employees are also reminded of the prohibition in dealing in shares of the Company one month prior to the announcement of the Group's yearly results and two weeks before the announcement of the Group's quarterly results. The Directors and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods.

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling Shareholder.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board confirms that for the financial year ended 31 March 2014, the Company has complied materially with the principal corporate governance recommendations set out in the Code of Corporate Governance.

# DIRECTORS' REPORT

For The Financial Year Ended 31 March 2014

The directors present their report to the members together with the audited consolidated financial statements of Addvalue Technologies Ltd (the “Company”) and subsidiaries (the “Group”) for the financial year ended 31 March 2014 and the statement of financial position of the Company as at 31 March 2014.

## DIRECTORS

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

Dr Chan Kum Lok, Colin  
Tan Khai Pang  
Tan Juay Hwa  
Lim Han Boon  
Ang Eng Lim  
Michael J Butler

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

Except as disclosed under “Share options” in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interests		
	At 1 April 2013	At 31 March 2014	At 21 April 2014
<b>The Company</b>			
<i>Ordinary shares</i>			
Dr Chan Kum Lok, Colin	42,190,960	39,190,960	39,190,960
Tan Khai Pang	48,675,360	51,675,360	51,675,360
Tan Juay Hwa	11,131,720	5,131,720	5,131,720
Lim Han Boon	19,990,560	19,990,560	19,990,560
Ang Eng Lim	3,100,640	3,100,640	3,100,640
Michael J Butler	2,000,000	2,000,000	2,000,000



# DIRECTORS' REPORT

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For The Financial Year Ended 31 March 2014

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and / or executives of those related corporations.

There were no material contracts entered into between the Company and its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## SHARE OPTIONS

The Addvalue Technologies Ltd's Employees' Share Option Scheme (the "Scheme") for the employees of the Group was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 24 October 2001. The Scheme is administered by the Remuneration Committee, comprising the following directors:

Ang Eng Lim	(Chairman)
Lim Han Boon	(Member)
Tan Khai Pang	(Member)
Michael J Butler	(Member)

Other statutory information regarding the Scheme is set out below:

- (a) The subscription price for each share payable on the exercise of an option shall be the higher of the nominal value of the share or the price that represents up to 20% discount to the average of the last dealt prices per share for the 3 consecutive market days on which trades were done in the shares immediately preceding the date of grant of the option ("Market Price").
- (b) The options shall be accepted by the eligible participant within 30 days after the grant date.
- (c) The options granted vests and expires as follows:
  - (i) in relation to an option granted to an employee of the Company and/or its subsidiaries, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the tenth anniversary of the date of grant or other shorter period as may be determined by the Remuneration Committee; and
  - (ii) in relation to an option granted to a non-executive director of the Company and/or its subsidiaries or an employee or director of an associate company, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the fifth anniversary of the date of grant or other shorter period as may be determined by the Remuneration Committee.

# DIRECTORS' REPORT

For The Financial Year Ended 31 March 2014

## SHARE OPTIONS (CONTINUED)

The directors of the Company who were granted options under the Scheme during the financial year are as follows:

	Number of shares under option				
	Aggregate option granted in financial year ended 31 March 2014	Aggregate options granted since commencement of the Scheme to 31 March 2014	Aggregate options exercised since commencement of the Scheme to 31 March 2014	Aggregate options cancelled/ transferred since commencement of the Scheme to 31 March 2014	Aggregate options outstanding as at 31 March 2014 and 21 April 2014

### Directors of the Company

Dr Chan Kum Lok, Colin	—	17,950,000	(16,750,000)	(1,200,000)	—
Tan Khai Pang	—	18,900,000	(16,750,000)	(2,150,000)	—
Tan Juay Hwa	—	9,450,000	(8,000,000)	(1,450,000)	—
Lim Han Boon	—	8,800,000	(8,000,000)	(800,000)	—
Ang Eng Lim	—	700,000	(500,000)	(200,000)	—

Unissued ordinary shares in respect of unexercised options granted under the Scheme as at 31 March 2014 comprise:

For ordinary shares in the Company	Exercise price per option	Exercise period
3,800,000	S\$0.035	22 June 2011 to 21 June 2014

During the financial year, there were:

- (a) no options granted to controlling shareholders of the Company and their associates (as defined in the Singapore Exchange Securities Trading Listing Manual);
- (b) no participants who had received 5% or more of the total number of the options available under the Scheme except as disclosed above; and
- (c) no options granted by the Company or its subsidiaries which entitle the holders of the option by virtue of such holding to any rights to participate in any share issue of any other company.



# DIRECTORS' REPORT

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For The Financial Year Ended 31 March 2014

## AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

Lim Han Boon	(Chairman)
Ang Eng Lim	(Member)
Tan Khai Pang	(Member)
Michael J Butler	(Member)

The Audit Committee carried out its functions set out in the Singapore Companies Act, the Listing Manual and Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. In performing those functions, the Audit Committee reviewed the overall scope of the Group's in-house internal audit functions, external audit functions and the assistance given by the Company's officers to the external auditors.

The Audit Committee met with the external auditors to discuss the results of their audit. The Audit Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2014 as well as the external auditors' report thereon. Reviews of interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) were also carried out by the Audit Committee at the end of each financial quarter for the financial year ended 31 March 2014.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee convened five meetings during the financial year ended 31 March 2014 with 95% attendance from all members and has also met with the external auditors, without the presence of the Company's management, at least once a year.

The Audit Committee has recommended to the Board of Directors that the external auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and its subsidiaries, the Board of Directors has complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report.





# DIRECTORS' REPORT

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For The Financial Year Ended 31 March 2014

## INDEPENDENT AUDITORS

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

## ON BEHALF OF THE BOARD OF DIRECTORS

**DR CHAN KUM LOK, COLIN**  
Director

**TAN KHAI PANG**  
Director

30 June 2014



## STATEMENT BY DIRECTORS

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In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 43 to 110 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### ON BEHALF OF THE BOARD OF DIRECTORS

**DR CHAN KUM LOK, COLIN**  
Director

**TAN KHAI PANG**  
Director

30 June 2014

# INDEPENDENT AUDITORS' REPORT

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To The Members Of Addvalue Technologies Ltd

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Addvalue Technologies Ltd (the "Company") and subsidiaries (the "Group") set out on pages 43 to 110, which comprise consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 March 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' 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 the 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.



# INDEPENDENT AUDITORS' REPORT

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To The Members Of Addvalue Technologies Ltd

## *Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

## **Crowe Horwath First Trust LLP**

Public Accountants and  
Chartered Accountants  
Singapore

30 June 2014

# STATEMENTS OF FINANCIAL POSITION

As At 31 March 2014  
(Amounts in United States dollar)

Note	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$

## ASSETS

### Non-current assets

Plant and equipment	3	1,025,434	535,883	—	—
Subsidiaries	4	—	—	14,345,362	14,345,362
Associate	5	—	—	—	—
Other equity investments	6	—	—	—	—
Intangible assets	7	14,659,684	14,189,636	—	—
Deferred tax assets	8	2,152,079	2,152,079	—	—
		17,837,197	16,877,598	14,345,362	14,345,362

### Current assets

Inventories	9	3,877,673	3,319,601	—	—
Amounts due from customers for contract work	10	869,562	94,364	—	—
Trade receivables	11	2,688,631	3,979,466	—	—
Other receivables, deposits and prepayments	12	1,242,819	814,204	58,353	5,000
Available-for-sale financial assets	13	4,575	2,135	4,575	2,135
Due from subsidiaries (non-trade)	14	—	—	5,834,584	5,371,442
Fixed deposit		47,028	47,578	—	—
Cash and bank balances		257,210	197,751	9,552	4,568
		8,987,498	8,455,099	5,907,064	5,383,145
<b>TOTAL ASSETS</b>		<b>26,824,695</b>	<b>25,332,697</b>	<b>20,252,426</b>	<b>19,728,507</b>

## LIABILITIES

### Current liabilities

Trade payables		2,208,924	2,107,899	—	—
Other payables and accruals	15	1,872,596	1,341,653	963,423	404,343
Provisions	16	278,608	329,826	127,940	127,940
Borrowings	17	55,632	2,739,052	—	—
Advances received from customers		523,560	9,517	—	—
Due to subsidiaries (non-trade)	14	—	—	—	75,319
		4,939,320	6,527,947	1,091,363	607,602





# STATEMENTS OF FINANCIAL POSITION

As At 31 March 2014  
(Amounts in United States dollar)

	Note	Group		Company	
		2014 US\$	2013 US\$	2014 US\$	2013 US\$
<b>Non-current liability</b>					
Borrowings	17	2,900,820	19,759	–	–
<b>TOTAL LIABILITIES</b>		7,840,140	6,547,706	1,091,363	607,602
<b>NET ASSETS</b>		18,984,555	18,784,991	19,161,063	19,120,905
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	20	57,771,705	57,614,993	57,771,705	57,614,993
Capital reserve	21	749,595	753,510	2,713	6,628
Fair value adjustment reserve		(98,635)	(101,075)	(98,635)	(101,075)
Foreign currency translation reserve		(609)	–	–	–
Accumulated losses		(39,437,501)	(39,482,437)	(38,514,720)	(38,399,641)
<b>TOTAL EQUITY</b>		18,984,555	18,784,991	19,161,063	19,120,905

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

	Note	2014 US\$	2013 US\$
<b>Revenue</b>	22	13,648,532	10,170,852
Cost of sales		(7,474,351)	(5,662,542)
Gross profit		6,174,181	4,508,310
Other operating income	23	178,712	262,347
Selling and distribution expenses		(1,316,981)	(924,545)
Administrative expenses		(1,912,105)	(1,467,733)
Other operating expenses	24	(2,781,075)	(2,089,994)
Finance expenses	25	(297,796)	(513,565)
<b>Profit / (Loss) before income tax</b>	26	44,936	(225,180)
Income tax credit	27	–	137,818
<b>Profit / (Loss) for the year</b>		44,936	(87,362)
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Fair value (loss) / gain on available-for-sale financial assets		2,440	(3,962)
Exchange differences arising from translation of foreign operations		(609)	–
<b>Other comprehensive income / (loss) for the year, net of tax</b>		1,831	(3,962)
<b>Total comprehensive income / (loss) for the year, net of tax</b>		46,767	(91,324)
<b>Earnings / (Loss) per share attributable to equity holders of the Company (cents)</b>	28		
Basic and diluted		0.004	(0.01)

The accompanying notes are an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

	Attributable to equity holders of the Company					
	Share capital US\$	Capital reserve US\$	Fair value adjustment reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	Total equity US\$
<b>2014</b>						
<b>Group</b>						
<b>Balance as at 1.4.2013</b>	57,614,993	753,510	(101,075)	—	(39,482,437)	18,784,991
Profit for the year	—	—	—	—	44,936	44,936
Other comprehensive income/ (loss), net of tax	—	—	2,440	(609)	—	1,831
Total comprehensive income / (loss) for the year	—	—	2,440	(609)	44,936	46,767
Issuance of new shares, pursuant to share options plan	156,712	(3,915)	—	—	—	152,797
<b>Balance as at 31.3.2014</b>	<b>57,771,705</b>	<b>749,595</b>	<b>(98,635)</b>	<b>(609)</b>	<b>(39,437,501)</b>	<b>18,984,555</b>
<b>2013</b>						
<b>Group</b>						
<b>Balance as at 1.4.2012</b>	56,064,662	877,270	(97,113)	—	(39,451,494)	17,393,325
Loss for the year	—	—	—	—	(87,362)	(87,362)
Other comprehensive loss, net of tax	—	—	(3,962)	—	—	(3,962)
Total comprehensive loss for the year	—	—	(3,962)	—	(87,362)	(91,324)
Issuance of new shares, pursuant to share options plan	1,550,926	(67,341)	—	—	—	1,483,585
Share issue expenses	(595)	—	—	—	—	(595)
Lapse of share options	—	(56,419)	—	—	56,419	—
Total transactions with owners in their capacity as owners, being contribution by owners	1,550,331	(123,760)	—	—	56,419	1,482,990
<b>Balance as at 31.3.2013</b>	<b>57,614,993</b>	<b>753,510</b>	<b>(101,075)</b>	<b>—</b>	<b>(39,482,437)</b>	<b>18,784,991</b>

The accompanying notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

	Note	2014 US\$	2013 US\$
<b>Cash flows from operating activities</b>			
Profit / (Loss) before income tax		44,936	(225,180)
Adjustments for:			
Amortisation of intangible assets	7	1,695,893	1,108,629
Depreciation of plant and equipment	3	259,155	245,826
Unrealised foreign exchange gain		(33,177)	(8,200)
Interest expense	25	297,796	513,565
Interest income		(117)	–
Plant and equipment written off		70,685	–
Provisions	16	651,246	661,472
<b>Operating profit before working capital changes</b>		<b>2,986,417</b>	<b>2,296,112</b>
Inventories		(558,072)	(1,123,329)
Amounts due from customers for contract work		(775,198)	552,991
Trade and other receivables		861,999	(569,805)
Development expenditure	7	(2,165,941)	(2,644,766)
Advances received from customers		514,043	(46,662)
Trade and other payables		234,586	880,392
Provisions	16	(702,464)	(573,818)
<b>Cash generated from / (used in) operations</b>		<b>395,370</b>	<b>(1,228,885)</b>
Interest income received		117	–
<b>Net cash from / (used in) operating activities</b>		<b>395,487</b>	<b>(1,228,885)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	A	(810,045)	(167,589)
Purchase of computer software		–	(72,254)
<b>Net cash used in investing activities</b>		<b>(810,045)</b>	<b>(239,843)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares (net of share issue expenses)		152,797	1,482,990
Proceeds from borrowings		677,115	601,500
Repayment of borrowings		(455,093)	(448,895)
Placement of pledged deposit		–	(47,578)
Interest paid		(297,796)	(295,778)
Advances from a shareholder	15	397,550	–
<b>Net cash from financing activities</b>		<b>474,573</b>	<b>1,292,239</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

	Note	2014 US\$	2013 US\$
<b>Net increase / (decrease) in cash and cash equivalents</b>		60,015	(176,489)
<b>Cash and bank balances at beginning of year</b>		197,751	374,240
<b>Effects of exchange rate changes in cash and bank balances</b>		(556)	–
<b>Cash and bank balances at end of year</b>	B	257,210	197,751

## Note A

For the purpose of the consolidated statement of cash flows, the Group's additions to plant and equipment during the year comprised:

	2014 US\$	2013 US\$
Plant and equipment purchased during the year (Note 3)	819,391	200,520
Less: Financed by finance lease obligations, net	(9,346)	(32,931)
Cash payment to acquire plant and equipment	810,045	167,589

## Note B

	2014 US\$	2013 US\$
Cash and bank balances <sup>(1)</sup>	257,210	197,751
Fixed deposit <sup>(2)</sup>	47,028	47,578
	304,238	245,329
Less: Pledged fixed deposit	(47,028)	(47,578)
Cash and bank balances at end of year	257,210	197,751

<sup>(1)</sup> Included in the cash and bank balances is amount of US\$8,438 (2013: US\$8,372) deposited into an escrow account which is maintained in accordance with the loan agreement with the funding institution in relation to a loan granted to a subsidiary as disclosed in Note 18 to the financial statements. The escrow account can be used for payment for cost of goods sold according to the estimated budget and repayment made to the funding institution.

<sup>(2)</sup> Fixed deposit amounting to SGD 59,000 (2013: SGD 59,000) is pledged for the purpose of performance bond which serve as a security deposit for the due and faithful performance of the subsidiary's obligations given to an external customer.

The accompanying notes are an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

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

## 1. GENERAL INFORMATION

Addvalue Technologies Ltd (the “Company”) is a limited liability company domiciled and incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited. The address of the Company’s registered office and principal place of business is 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 4. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 30 June 2014.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards (“FRS”). The financial statements are presented in United States dollar (“US\$”).

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

### Adoption of new and revised standards

On 1 April 2013, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial periods, except as disclosed as below:

#### Amendments to FRS 1 - Presentation of Items of Other Comprehensive Income

With effect from 1 April 2013, FRS 1 changes the grouping of items presented in the other comprehensive income. Items that will be reclassified subsequently to profit or loss when specific conditions are met would be presented separately from items that will not be reclassified subsequently to profit or loss. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, there is no impact on the financial position or performance of the Group upon adoption of these amendments.





# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Revised FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 110, 111 and 112: <i>Transition Guidance</i>	1 January 2014
Amendments to FRS 110, 112 and FRS 27: <i>Investment Entities</i>	1 January 2014
Amendments to FRS 32 – <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 36 – <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
INT FRS 121 <i>Levies</i>	1 January 2014
Amendments to FRS 39 – <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
Amendment to FRS 19 – <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
- Amendment to FRS 102 – <i>Share-based Payment</i>	1 July 2014*
- Amendment to FRS 103 – <i>Business Combination</i>	1 July 2014^
- Amendment to FRS 108 – <i>Operating Segments</i>	1 July 2014
- Amendment to FRS 16 – <i>Property, Plant and Equipment</i>	1 July 2014
- Amendment to FRS 24 – <i>Related Party Disclosures</i>	1 July 2014
- Amendment to FRS 38 – <i>Intangible Assets</i>	1 July 2014
Improvements to FRSs (February 2014)	
- Amendment to FRS 103 – <i>Business Combinations</i>	1 July 2014
- Amendment to FRS 113 – <i>Fair Value Measurement</i>	1 July 2014
- Amendment to FRS 40 – <i>Investment Property</i>	1 July 2014
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016

\* The amendment applies prospectively to share-based payment transactions with a grant date on or after 1 July 2014

^ The amendment applies prospectively to business combination for which the acquisition date is on or after 1 July 2014

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Standards issued but not yet effective (Continued)

Except for the FRS 110, Revised FRS 27, FRS 112, Amendment to FRS 32, Amendment to FRS 103, Amendment to FRS 108, and Amendment to FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the FRS 110, Revised FRS 27, FRS 112, Amendment to FRS 32, Amendment to FRS 103, Amendment to FRS 108, and Amendment to FRS 24, is described below.

#### FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements

FRS 110 and the Revised FRS 27 are effective for financial periods beginning on or after 1 January 2014.

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated with the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group will apply these revised standards from 1 January 2014 onwards and impact of changes to the control will be assessed accordingly.

#### FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in financial year 2015.

#### Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities

FRS 32 is effective for financial periods beginning on or after 1 January 2014.

The Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities clarifies the meaning of 'currently has a legally enforceable right to set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The Group will assess if there will be any offsetting that meet the criteria upon adoption of the Amendments.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Standards issued but not yet effective (Continued)

#### Improvements to FRSs (January 2014): Amendment to FRS 103 – Business Combination

Improvements to FRSs (January 2014): Amendment to FRS 103 is effective for financial periods beginning on or after 1 July 2014.

The amendment clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss.

The Group will apply these amendments to the future business combination from 1 July 2014 onwards.

#### Improvements to FRSs (January 2014): Amendment to FRS 108 – Operating Segments

Improvements to FRSs (January 2014): Amendment to FRS 108 is effective for financial periods beginning on or after 1 July 2014.

The amendment require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. The amendment also clarifies that a reconciliation of the total segment assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in financial year 2016.

#### Improvements to FRSs (January 2014) : Amendment to FRS 24 – Related Party Disclosures

Amendment to FRS 24 is effective for financial periods beginning on or after 1 July 2014.

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as a related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, the breakdown of the components of such compensation is not required to be disclosed.

The management expects that the adoption of the amendment will not result in additional parties being identified as related to the Company. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Company when implemented in financial year 2016.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Group accounting

#### (i) Subsidiaries

##### (a) *Basis of consolidation*

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

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

##### (b) *Acquisition of businesses*

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Group accounting (Continued)

#### (i) Subsidiaries (Continued)

##### *(b) Acquisition of businesses (Continued)*

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

##### *(c) Disposals of subsidiaries or businesses*

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

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (ii) Associates

Associates are entities over which the Group exercises significant influence, but not control, over the financial and operating policy decision, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Group accounting (Continued)

#### (ii) Associates (Continued)

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associates equals or exceeds its interest in the associates, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associates are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associates in which significant influence are retained are recognised in profit or loss.

### Subsidiaries, associate and other equity investments

Investments in subsidiaries, associate and other equity investments are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, associates and other equity investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### Currency translation

#### (i) Functional and presentation currency

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollar ("US\$"), which is the functional currency of the Company.





# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Currency translation (Continued)

#### (ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

#### (iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into United States dollars ("US\$") at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Plant and equipment (Continued)

After initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

All plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Laboratory equipment	5
Furniture, fittings and office equipment	6 – 10
Computers and software	5
Toolings	3
Renovations	over the remaining term of lease period

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of plant and equipment. Fully depreciated assets are retained in the consolidated financial statements until they are no longer in use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within “Other operating income (expenses)”.

### Intangible assets

#### (i) Research costs and development expenditure

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Intangible assets (Continued)

#### (i) Research costs and development expenditure (Continued)

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation calculated on a product-by-product basis over the estimated useful life begins from the time when the development is completed and the design or technology is available for use. The carrying amount of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting period. Upon completion, the development costs is amortised as aforesaid and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful lives have been taken as follows:

	Useful lives (Years)
Satellite related products	10

#### (ii) Patents

Patents are stated at cost less accumulated amortisation and impairment loss. Amortisation is charged to the profit or loss on the straight-line basis over the estimated useful life of 7 years.

#### (iii) Computer software

Computer software is stated at cost less accumulated amortisation and impairment loss. Amortisation is charged to the profit or loss on the straight-line basis over the estimated useful life of 5 years.

### Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment of non-financial assets (Continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of three to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third or fifth years.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss.

### Financial assets

#### (i) Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group has no financial assets in the categories of financial assets at fair value through profit or loss and held-to-maturity investments.

#### (ii) Subsequent measurement

The subsequent measurement of financial assets depends on the classification, as follows:

##### (a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables comprise cash and bank balances, trade and other receivables, including amounts due from subsidiaries and staff loans.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.



# NOTES TO THE FINANCIAL STATEMENTS

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For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial assets (Continued)

#### (ii) Subsequent measurement (Continued)

##### *(b) Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. Assets in this category are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are stated at cost less impairment loss.

#### (iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Impairment of financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### **(i) Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### **(ii) Available-for-sale financial assets**

Considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired include (i) a significant or prolonged decline in the fair value of the investment below its costs, (ii) significant financial difficulties of the issuer or obligor, and (iii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.





# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Impairment of financial assets (Continued)**

#### **(ii) Available-for-sale financial assets (Continued)**

When the available-for-sale financial asset is impaired, the cumulative loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

For debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as the financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed in profit or loss.

#### **(iii) Financial assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Raw materials comprise purchase costs accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

When necessary, allowance is provided for damage, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Construction contracts work-in-progress

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date (the percentage of completion method).

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on the construction contract should be recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

The aggregate of costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the end of each reporting period. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as amount due from customers for contract work. Where progress billings exceeds costs incurred and recognised profit (less recognised losses), the excess is shown as amount due to customers for contract work.

### Financial liabilities

#### (i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the financial year end, the Group did not have any financial liabilities in the category of financial liabilities at fair value through profit or loss.

#### (ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

#### (iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### As lessee

Finance leases, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### Provisions

#### General

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and 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. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Warranty provisions

Provisions for warranty related costs are recognised when the product is sold or services provided. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial guarantees

The Company has issued corporate guarantees to banks and financial institutions for borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liabilities will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

### Borrowings

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

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the financial year end are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

### Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing cost are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Share capital

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



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangement. The following specific recognition criteria must also be met before revenue is recognised:

#### (a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, and effective control of the goods have been passed to the customer, recovery of the consideration is probable, and the amount of revenue and costs can be measured reliably. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (b) *Design services*

Revenue from design services is recognised using the percentage of completion method when the outcome of the contract can be estimated reliably. The percentage of completion for each contract is determined by the proportion that costs incurred for work performed to date relative to estimated total contract costs. Losses, if any, are recognised immediately when their occurrence is foreseen. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### (c) *Interest income*

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

### Employees' benefits

#### (i) **Retirement benefits**

The Singapore companies in the Group makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension scheme. Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

#### (ii) **Employee leave entitlement**

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Employees' benefits (Continued)

#### (iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in the capital reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions, on the date of grant. Non-market vesting conditions are included in the estimation of the number of options under options that are expected to become exercisable on vesting date. At the end of each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of the original estimates, if any, in the profit or loss, and a corresponding adjustment to the share option reserve over the remaining vesting period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The capital reserve is transferred to retained earnings upon expiry of the share options.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balances previously recognised in the capital reserve are credited to the share capital account, when new ordinary shares are issued.

### Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted at the end of each reporting date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.





# NOTES TO THE FINANCIAL STATEMENTS

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For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Income tax (Continued)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### **Jobs credit scheme**

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as an offset against staff costs.

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to income, the government grant shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other operating income". Alternatively, they are deducted in reporting the related expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker responsible for allocating resources and assessing performance of the operating segments.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Critical accounting estimates and judgements

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

#### (i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Impairment of development expenditure

The Group determines whether development expenditure is impaired at least on an annual basis. This requires an estimation of the probable future economic benefits that are expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group. The discounted cash flows are derived from the budget for the next five financial years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to sales quantities forecasted for the existing and new products in 2015 and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of development expenditure are disclosed below. The carrying value of the Group's development expenditure as at 31 March 2014 is US\$14,424,105 (2013: US\$13,880,127).

Key assumptions used for value-in-use calculations:

	Group	
	2014	2013
Annual growth rates applied for the next 4 projection years	10%	5% to 120%
Discount rate	10%	10%

The Group expects certain products to be competitive and if sales achieved in the forecast year dropped by 10% (2013: 35% to 40%) from the Group's forecasted quantities; with other assumptions remain constant, the carrying amount of certain development expenditure totalling US\$2 million as at 31 March 2014 (2013: US\$5.4 million) will show an impairment loss of approximately US\$23,000 (2013: US\$647,000).

The key assumptions used to determining the value in use also include competitive but stable market conditions and continued acceptability of products sold. Management determined estimated growth rate based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant industry.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Critical accounting estimates and judgements (Continued)

#### (i) Critical accounting estimates and assumptions (Continued)

##### (b) *Impairment of trade receivables*

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

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amount of the Group's trade receivables as at 31 March 2014 is US\$2,688,631 (2013: US\$3,979,466).

##### (c) *Recoverability of deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has carried forward tax losses and capital allowances amounting to approximately US\$29,880,000 and US\$1,349,000 (2013: US\$29,730,000 and US\$816,000 respectively), out of which, the deferred tax assets has been recognised on amounts of tax losses and credits totaling US\$25,563,000 (2013: US\$25,510,000). These losses and tax credits relate to the companies that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The recognition of the deferred tax assets of the Group is supported by the probable future taxable profits generated by securing higher sales of existing products and expanding new products, and the key assumptions are as disclosed in part (a) above. As at 31 March 2014, management estimated that such deferred tax assets recognised will be recovered in an average of 3 years through utilization of the tax benefits against future taxable income. In the event that the future taxable profit achieved is lower than the level forecasted, the expected duration of recovery of such tax credits will correspondingly be extended. In addition, the recovery of the deferred tax assets in one of the subsidiaries will be affected by the proposed disposal of the subsidiary as disclosed in Note 32.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Critical accounting estimates and judgements (Continued)

#### (i) Critical accounting estimates and assumptions (Continued)

##### (c) Recoverability of deferred tax assets (Continued)

In prior year, if the discounted cash flows of the subsidiaries reduced by 15% from the management's forecast, the Group's deferred tax assets would reduce by approximately US\$112,000.

The Company has unrecognised unutilised tax losses of US\$986,000 (2013: 921,000) of which neither are there any temporary taxable differences or tax planning opportunities available to support recognition of these losses as deferred tax assets. No deferred tax assets has been recognised due to uncertainty of recovery.

If the Group and the Company was able to recognise all unrecognised deferred tax assets in the current financial year, profit would increase by approximately US\$734,000 and US\$168,000 (2013: US\$718,000 and US\$157,000) respectively.

##### (d) Useful lives of development expenditure

The cost of development expenditure is amortised on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives to be 10 years. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Therefore, future amortisation changes could be revised. If the estimated useful lives increase or decrease by 1 year, amortisation expenses for the current financial year will reduce or increase by approximately US\$147,000 or US\$180,000. The carrying amount of the Group's development expenditure included as intangible assets as at 31 March 2014 is US\$14,424,105 (2013: US\$13,880,127).

##### (e) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets. Therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment as at 31 March 2014 is US\$1,025,434 (2013: US\$535,883).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Critical accounting estimates and judgements (Continued)

#### (ii) Critical judgements in applying the entity's accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### Capitalisation of development expenditure

The Group follows the guidance of FRS 38 - Intangible Assets in determining the amount and nature of development expenditure to be capitalised as development costs. This determination requires significant judgement. The Group assesses, among other factors, if the product or process is technically feasible and if the Group has sufficient technical, financial and other resources to use or market the product or process. In addition, the Group also applies its judgement to assess the probability of expected future economic benefits that are attributable to the use of this capitalised development expenditure that will flow to the Group.

##### Proposed disposal of a subsidiary

As disclosed in Note 32, the Company has on 24 March 2014, entered into a Conditional Sale and Purchase Agreement ("CSPA") to dispose of its wholly-owned subsidiary. As at balance sheet date, the CSPA is still not completed as the conditions precedent of CSPA has not been fulfilled. The management is of the view that, as at balance sheet date, the proposed disposal did not meet the criteria under *FRS 105 – Non-current Assets Held for Sale and Discontinued Operations* for classification as Disposal Group Held For Sale on the ground that the proposed disposal is not highly probable to be completed within the next 12 months. As a result, the Group did not classify and present the assets and liabilities pertaining to the subsidiary separately from other assets and liabilities in consolidated statement of financial position.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 3 PLANT AND EQUIPMENT

	Laboratory equipment US\$	Furniture, Fittings and office equipment US\$	Computers and software US\$	Toolings US\$	Renovations US\$	Total US\$
<b>Group</b>						
<b>Cost</b>						
As at 1.4.2012	419,823	202,302	525,784	573,475	192,472	1,913,856
<b>Additions</b>	66,797	–	32,173	101,550	–	200,520
As at 31.3.2013	486,620	202,302	557,957	675,025	192,472	2,114,376
As at 1.4.2013	486,620	202,302	557,957	675,025	192,472	2,114,376
Additions	31,129	176,424	93,255	146,294	372,289	819,391
Written off	(165,761)	(186,136)	(22,560)	(102,421)	(195,609)	(672,487)
As at 31.3.2014	351,988	192,590	628,652	718,898	369,152	2,261,280
<b>Accumulated depreciation</b>						
As at 1.4.2012	267,163	129,498	305,904	518,188	111,914	1,332,667
Depreciation charge for the year	52,162	10,808	73,381	61,357	48,118	245,826
As at 31.3.2013	319,325	140,306	379,285	579,545	160,032	1,578,493
As at 1.4.2013	319,325	140,306	379,285	579,545	160,032	1,578,493
Depreciation charge for the year	52,645	23,229	85,785	47,731	49,765	259,155
Written off	(165,711)	(140,082)	(19,247)	(97,562)	(179,200)	(601,802)
As at 31.3.2014	206,259	23,453	445,823	529,714	30,597	1,235,846
<b>Net carrying value</b>						
As at 31.3.2014	145,729	169,137	182,829	189,184	338,555	1,025,434
As at 31.3.2013	167,295	61,996	178,672	95,480	32,440	535,883

### Assets held under finance leases

During the financial year, the Group acquired plant and equipment with an aggregate cost of US\$9,346 (2013: US\$32,931) by means of finance leases.

The carrying amount of plant and equipment held under finance leases as at 31 March 2014 were US\$34,713 (2013: US\$103,150).

Leased assets are pledged as security for the related finance lease obligations (Note 19).



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 4. SUBSIDIARIES

### Unquoted equity shares at cost

	Company	
	2014 US\$	2013 US\$
As at beginning of year	40,944,642	40,944,641
Addition of investment in a subsidiary	—	1
	40,944,642	40,944,642
Impairment losses	(26,599,280)	(26,599,280)
As at end of year	14,345,362	14,345,362

For the purpose of impairment testing at balance sheet date, the recoverable amounts of cost of investments in subsidiaries were determined based on a value-in-use calculation and was determined by discounting future cash flows to be generated from the continuing use of the cash-generating unit. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. The key assumptions of the calculations are consistent with Note 2.

During the financial year, the Group has incorporated a new subsidiary, namely Zhong Xin Chuang Zhi (Beijing) Technology Ltd., Co in China with a paid up capital of RMB 500,000, which is wholly owned by a subsidiary, Addvalue Enterprise Limited.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment to the Company	
			2014 %	2013 %	2014 US\$	2013 US\$
<u>Held by Company</u>						
Addvalue Communications Pte Ltd <sup>(1)</sup>	Design, development and distribution of tele-communications equipment and related products	Singapore	100	100	34,027,803	34,027,803
Addvalue Innovation Pte Ltd <sup>(1)</sup>	Design, development and distribution of tele-communications equipment and related products	Singapore	100	100	6,916,838	6,916,838
Addvalue Global Limited <sup>(2)</sup>	Business development, sale and marketing of satellite communications equipment	Hong Kong	100	100	— <sup>^</sup>	— <sup>^</sup>
Addvalue Enterprise Limited <sup>(3)</sup>	Business development, sale and marketing of satellite communications equipment	British Virgin Island (“BVI”)	100	100	1	1
					40,944,642	40,944,642

<sup>^</sup> denotes amount less than US\$1.00.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 4. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2014 %	2013 %

Held by Addvalue Enterprise Limited:

Zhong Xin Chuang Zhi (Beijing) Technology Ltd., Co <sup>(4)</sup>	Business development, sale and marketing of satellite communications equipment	People's Republic of China	100	—
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<sup>(1)</sup> Audited by Crowe Horwath First Trust LLP, Singapore.

<sup>(2)</sup> Audited by Central & Co, Hong Kong.

<sup>(3)</sup> Not required to be audited by law in the country of incorporation. However, it is audited by Crowe Horwath LLP, Singapore for the purpose of expressing an opinion on the consolidated financial statements.

<sup>(4)</sup> Incorporated on 27 February 2014 and audited by Crowe Horwath LLP, Singapore for the purpose of preparation of consolidated financial statements of the Group.

## 5. ASSOCIATE

Group and Company	
2014 US\$	2013 US\$
Equity shares at cost	137
Impairment losses	(137)
	—

Details of the associate are as follows:

Name of associate	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment to the Company	
			2014 %	2013 %	2014 US\$	2013 US\$
Addvalue Communications Inc ("AVCI") <sup>(1)</sup>	Ceased operations	United States of America	23	23	137	137

<sup>(1)</sup> Not required to be audited by law in the country of incorporation.

The associate, AVCI has ceased its operation since 2009. As a result, there are no financial statements available to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 6. OTHER EQUITY INVESTMENTS

Unquoted equity investments, at cost  
Impairment losses  
Net carrying value

Group		Company	
2014 US\$	2013 US\$	2014 US\$	2013 US\$
1,713,763	1,713,763	1,485,956	1,485,956
(1,713,763)	(1,713,763)	(1,485,956)	(1,485,956)
–	–	–	–

## 7. INTANGIBLE ASSETS

### Group

#### Cost

As at 1.4.2012	15,376,417	44,126	660,321	16,080,864
Additions	2,644,766	–	72,254	2,717,020
As at 31.3.2013	18,021,183	44,126	732,575	18,797,884
As at 1.4.2013	18,021,183	44,126	732,575	18,797,884
Additions	2,165,941	–	–	2,165,941
As at 31.3.2014	20,187,124	44,126	732,575	20,963,825

#### Accumulated amortisation

As at 1.4.2012	3,061,796	44,126	393,697	3,499,619
Amortisation charge for the year	1,079,260	–	29,369	1,108,629
As at 31.3.2013	4,141,056	44,126	423,066	4,608,248
As at 1.4.2013	4,141,056	44,126	423,066	4,608,248
Amortisation charge for the year	1,621,963	–	73,930	1,695,893
As at 31.3.2014	5,763,019	44,126	496,996	6,304,141

#### Net carrying value

As at 31.3.2014	14,424,105	–	235,579	14,659,684
As at 31.3.2013	13,880,127	–	309,509	14,189,636



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 7. INTANGIBLE ASSETS (CONTINUED)

The Group invests in development activities to build its base of proprietary products, applications and processes. The net carrying value of development expenditure amounting to US\$14,424,105 (2013: US\$13,880,127) represents development costs incurred in the development of various core technological elements in mobile satellite communication terminals and related applications, including radio frequency and antenna design, new embedded firmware and hardware systems, digital communication and baseband processing and application firmware to ensure continual innovation, competitiveness and future proof of terminal design and related applications. The carrying value of development expenditure is expected to be recovered from probable future economic benefits that are expected to be generated from the sales of the wide portfolio of existing products and the commercial exploitation of related applications over the useful mobile satellite service life time. The amortisation of development expenditure amounting to US\$1,621,963 (2013: US\$1,079,260) was charged to other operating expenses in the consolidated statement of comprehensive income. The individual development project of which carrying amount is more than 10% of the total intangible assets are as follow:

Group				
2014			2013	
Carrying amount US\$	Remaining amortisation period (years)		Carrying amount US\$	Remaining amortisation period (years)
<b>Development expenditure:</b>				
Project 1	1,545,384	4	1,916,277	5
Project 2	1,920,403	5	2,274,938	6
Project 3	2,088,871	9	2,320,968	10
Project 4	1,473,201	8	1,667,469	9
Project 5	1,378,814	9	1,532,016	10

Included in the development expenditure and computer software are the capitalisation of the employees benefit expenses of US\$2,021,876 for the current financial year (2013: US\$2,345,131) (Note 30).

## 8. DEFERRED TAX ASSETS

Group		
	2014 US\$	2013 US\$
As at beginning of year	2,152,079	2,014,261
Recognised in the profit or loss		
- Relates to origination and reversal of temporary differences	(45,325)	10,425
- Under provision of prior year	45,325	127,393
As at end of year	2,152,079	2,152,079

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 8. DEFERRED TAX ASSETS (CONTINUED)

	Deferred tax liabilities	Deferred tax assets				
	Development expenditure US\$	Provision for unconsumed leave US\$	Allowance for doubtful trade receivables US\$	Unutilised capital allowance US\$	Unutilised tax loss US\$	Total US\$
<b>2014</b>						
As at beginning of year	(2,359,620)	33,008	3,345	138,665	4,336,681	2,152,079
Recognised in the profit or loss						
- Relates to origination and reversal of temporary differences	(92,476)	(325)	—	38,273	9,203	(45,325)
- Under provision of prior year	—	—	—	45,325	—	45,325
As at end of year	(2,452,096)	32,683	3,345	222,263	4,345,884	2,152,079
<b>2013</b>						
As at beginning of year	(2,086,409)	31,454	2,031	100,156	3,967,029	2,014,261
Recognised in the profit or loss						
- Relates to origination and reversal of temporary differences	(273,211)	1,554	1,314	33,610	247,158	10,425
- Under provision of prior year	—	—	—	4,899	122,494	127,393
As at end of year	(2,359,620)	33,008	3,345	138,665	4,336,681	2,152,079

The Group has deductible unutilised capital allowances and unutilised tax losses of approximately US\$1,349,000 (2013: US\$816,000) and US\$29,880,000 (2013: US\$29,730,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements, out of which approximately US\$4,317,000 (2013: US\$4,220,000) of unutilised tax losses was not recognised as deferred tax assets due to uncertainty of its recoverability.

Deferred tax assets recognised for the unutilised capital allowances and tax losses of approximately US\$1,349,000 (2013: US\$816,000) and US\$25,563,000 (2013: US\$25,510,000) respectively, are expected to be recovered from the probable future economic benefits expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 9. INVENTORIES

	Group	
	2014 US\$	2013 US\$
Finished goods	2,249,603	2,516,212
Raw materials	833,911	433,647
Semi-finished goods	513,662	309,707
Goods-in-transit	280,497	60,035
	<u>3,877,673</u>	<u>3,319,601</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to US\$6,028,649 (2013: US\$4,847,547).

All inventories held by the Group as at balance sheet date have been pledged as security for a loan from a funding institution to a subsidiary (Note 18).

## 10. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group	
	2014 US\$	2013 US\$
Aggregate costs incurred and recognised profit to date	1,201,724	182,947
Less: Progress billings	(332,162)	(88,583)
	<u>869,562</u>	<u>94,364</u>
Presented as:		
Gross amount due from customers for contract work	<u>869,562</u>	<u>94,364</u>

## 11. TRADE RECEIVABLES

	Group	
	2014 US\$	2013 US\$
Trade receivables	2,708,310	3,999,145
Less : Allowance for doubtful trade receivables (Note 34(iii))	(19,679)	(19,679)
	<u>2,688,631</u>	<u>3,979,466</u>

Of the total trade receivables, an amount of US\$1.6 million is subject to floating charge to a funding institution for securing a loan facility to a subsidiary as disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Deposits	653,556	576,004	–	–
Other receivables	35,793	–	118	–
Prepayments	325,907	206,429	58,235	5,000
Staff loans and advances	227,563	31,771	–	–
	1,242,819	814,204	58,353	5,000

Included in staff loans and advances was an amount held in trust by an employee of the Group for future operating expenditure amounting to US\$197,097 (2013: Nil).

## 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2014 US\$	2013 US\$
<b>Equity instrument (quoted), at fair value</b>		
As at beginning of year	2,135	6,097
Fair value adjustment for the year	2,440	(3,962)
As at end of year	4,575	2,135

## 14. DUE FROM / TO SUBSIDIARIES (NON-TRADE)

These non-trade balances are unsecured, interest-free and repayable on demand.





# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Accrued operating expenses:				
- Employee benefits	523,069	491,590	—	—
- Directors' fees <sup>(1)</sup>	349,646	228,050	349,646	228,050
- Others	95,411	144,860	52,361	55,573
Due to directors <sup>(1)</sup>	70,532	37,462	—	—
Due to a shareholder <sup>(2)</sup>	397,550	—	397,550	—
Other payables	436,388	439,691	163,866	120,720
	<u>1,872,596</u>	<u>1,341,653</u>	<u>963,423</u>	<u>404,343</u>

<sup>(1)</sup> These amounts represent unpaid directors' fees and salaries which are unsecured, interest-free and repayable on demand.

<sup>(2)</sup> The amount represented advances from a shareholder of the Company for the purpose of research and development of technology which is unsecured, repayable within 1 year and subject to interest rate of 6.25% per annum. The advance is jointly and severally guaranteed by certain directors of the Company.

## 16. PROVISIONS

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Directors' fees	127,940	127,940	127,940	127,940
Royalties	47,368	124,984	—	—
Warranty	103,300	76,902	—	—
	<u>278,608</u>	<u>329,826</u>	<u>127,940</u>	<u>127,940</u>

Provision for directors' fees represents the amounts proposed for the current financial year and is subject to the shareholders' approval at the forthcoming annual general meeting of the Company.

Provision for royalties relates to royalties payable for sales of certain types of finished goods in accordance with the relevant licencing agreements, and is estimated based on the actual number of units sold for the financial year.

The subsidiaries of the Company provide a two-year warranty on most products under which faulty products are repaired or replaced. The amount of the provision is based on the sales volume and experience with the level of repairs and returns.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 16. PROVISIONS (CONTINUED)

### Group

#### 2014

	Directors' fees US\$	Royalties US\$	Warranty US\$	Total US\$
As at beginning of year	127,940	124,984	76,902	329,826
Provision for the year	127,940	420,925	102,381	651,246
Utilisation during the year	(127,940)	(498,541)	(75,983)	(702,464)
As at end of year	127,940	47,368	103,300	278,608

#### 2013

As at beginning of year	128,160	47,943	66,069	242,172
Provision for the year	127,940	442,724	90,808	661,472
Utilisation during the year	(128,160)	(365,683)	(79,975)	(573,818)
As at end of year	127,940	124,984	76,902	329,826

Directors' fees  
US\$

### Company

#### 2014

As at beginning of year	127,940
Provision for the year	127,940
Utilisation during the year	(127,940)
As at end of year	127,940

#### 2013

As at beginning of year	128,160
Provision for the year	127,940
Utilisation during the year	(128,160)
As at end of year	127,940



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 17. BORROWINGS

### Due within one year

Loans (Note 18)	
Finance lease obligations (Note 19)	

### Due after one year or more

Loans (Note 18)	
Finance lease obligations (Note 19)	

### Total borrowings

Loans (Note 18)	
Finance lease obligations (Note 19)	

Group	
2014 US\$	2013 US\$
38,051	2,688,000
17,581	51,052
55,632	2,739,052
2,900,820	—
—	19,759
2,900,820	19,759
2,938,871	2,688,000
17,581	70,811
2,956,452	2,758,811

## 18. LOANS

### Due within one year

Loan 1 (secured)	
Loan 2 (unsecured)	

### Due after one year or more

Loan 1 (secured)	
Loan 2 (unsecured)	

### Total loans

Loan 1 (secured)	
Loan 2 (unsecured)	

Group	
2014 US\$	2013 US\$
—	2,688,000
38,051	—
38,051	2,688,000
2,862,360	—
38,460	—
2,900,820	—
2,862,360	2,688,000
76,511	—
2,938,871	2,688,000

# NOTES TO THE FINANCIAL STATEMENTS

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For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 18. LOANS (CONTINUED)

### Loan 1 (secured)

Loan 1 was obtained by a subsidiary of the Company in prior years from a funding institution sponsored by International Enterprise Singapore. The loan amount is denominated in Singapore dollar, bears a fixed interest rate at 10% (2013: 10%) per annum and is secured by a floating charge on the inventories (Note 9) and escrow accounts with a bank of a subsidiary of the Company and a corporate guarantee by the Company. The loan balance was to be repaid on 6 December 2014.

Pursuant to the revised loan agreement on 23 May 2014, via an Advance Loan Letter Agreement (“Loan Letter”) dated 27 March 2014, the funding institution has granted a refinancing of Loan 1 of the subsidiary to another subsidiary of the Company. The refinanced Loan 1 was granted under similar terms and conditions, except that the terms of repayment of the loan have been extended to 31 March 2016 and is secured by way of the following:

- (a) Floating charge on the inventories of a subsidiary of the Company (Note 9);
- (b) Floating charge on the trade receivables of a subsidiary of the Company (Note 11);
- (c) Escrow accounts with a bank of a subsidiary of the Company; and
- (d) Corporate guarantee provided by the Company

The above terms stated and accepted by the funding institution via the term sheet referred to in the Loan Letter Agreement, has been formally executed in a loan agreement dated 23 May 2014.

### Loan 2 (unsecured)

Loan 2 which was obtained by a subsidiary of the Company from a local bank during the year and denominated in Singapore dollar, bears a fixed interest rate at 10.28% per annum and is unsecured and repayable in 24 monthly installments. The loan is jointly and severally guaranteed by certain directors of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 19. FINANCE LEASE OBLIGATIONS

### Group

#### 2014

Within one year

More than one year but not later than five years

Minimum lease payments US\$	Interest US\$	Present value of payments US\$
18,096	(515)	17,581
—	—	—
18,096	(515)	17,581

### Group

#### 2013

Within one year

More than one year but not later than five years

Minimum lease payments US\$	Interest US\$	Present value of payments US\$
53,360	(2,308)	51,052
20,615	(856)	19,759
73,975	(3,164)	70,811

Interest is payable at effective interest rate of 6.60% (2013: 6.60%) per annum and the finance leases are guaranteed by the Company.

## 20. SHARE CAPITAL

### Amount

Ordinary shares

Issued and fully paid:

As at beginning of year

Issued during the year:

- exercise of share options

Share issue expenses

As at end of year

Group and Company			
2014		2013	
Number of ordinary share	US\$	Number of ordinary share	US\$
1,178,085,813	57,614,993	1,124,915,813	56,064,662
5,470,000	156,712	53,170,000	1,550,926
—	—	—	(595)
1,183,555,813	57,771,705	1,178,085,813	57,614,993

The holders of ordinary shares are entitled to receive dividends when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 20. SHARE CAPITAL (CONTINUED)

During the financial year ended 31 March 2014, the Company issued the following shares:

No. of shares	US\$	Description of shares	Purpose of issue
5,470,000	152,797	Ordinary shares at exercise price of \$0.035 each for cash	Issued pursuant to exercise of shares options under the Employees' Shares Option Scheme.

The newly issued shares rank pari passu in all respects with the existing ordinary shares.

### Share Option Scheme

Addvalue Technologies Ltd's Employees' Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 24 October 2001. The Scheme is administered by the Remuneration Committee.

Other statutory information regarding the Scheme is set out below:

- (a) The subscription price for each share payable on the exercise of an option shall be the higher of the nominal value of the share or the price that represents up to 20% discount to the average of the last dealt prices per share for the 3 consecutive market days on which trades were done in the shares immediately preceding the date of grant of the option ("Market Price").
- (b) The options shall be accepted by the eligible participant within 30 days after the grant date.
- (c) The options granted vests and expires as follows:
  - (i) in relation to an option granted to an employee of the Company and/or its subsidiaries companies, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the tenth anniversary of the date of grant or other shorter period as maybe determined by the Remuneration Committee; and
  - (ii) in relation to an option granted to a non-executive director of the Company and/or its subsidiary companies or an employee or director of an associate company, a period commencing on (and including) the first anniversary or where the subscription price for the shares comprised in an option is set at a discount to the Market Price on (and including) the second anniversary and expiring on (and including) the day immediately preceding the fifth anniversary of the date of grant or other shorter period as maybe determined by the Remuneration Committee.

On 22 June 2010, options to subscribe for 110,000,000 ordinary shares of the Company at an exercise price of \$0.035 per ordinary share were granted pursuant to the Scheme ("2010 Option"). The 2010 Option is exercisable on 22 June 2011 and expires on 21 June 2014. There were no options granted during the year.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 20. SHARE CAPITAL (CONTINUED)

### Share Option Scheme (Continued)

The details of the share options outstanding during the financial year are as follows:

Options outstanding	Group and Company			
	2014		2013	
	Number of share options	Weighted average exercise price S\$	Number of share options	Weighted average exercise price S\$
As at beginning of year	9,270,000	0.035	62,960,000	0.043
Lapsed during the year	—	—	(520,000)	0.120
Exercised during the year	(5,470,000)	0.035	(53,170,000)	0.035
As at end of year	<u>3,800,000</u>	0.035	<u>9,270,000</u>	0.035
Exercisable at the end of year	<u>3,800,000</u>		<u>9,270,000</u>	

The weighted average share price at the time of exercise range from S\$0.065 to S\$0.145 (2013: S\$0.067 to S\$0.114) per share.

Terms of the share options outstanding as at end of year:

Expiry date	Exercise price	Number of options	
		2014	2013
21 June 2014	S\$0.035	<u>3,800,000</u>	<u>9,270,000</u>

Option granted before 2010 was expired in previous year. The fair value of options granted on 22 June 2010, determined using the Black-Scholes Pricing Model, was S\$0.001. The significant inputs into the model were as follows:

Weighted average share price	S\$0.035
Weighted average option price	S\$0.035
Expected volatility	1.3%
Expected life	3 years
Risk free rate	0.59%
Expected dividend yield	<u>0%</u>

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on the management's best estimate, for the effect of non transferability, exercise restriction and behavioural considerations.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 21. CAPITAL RESERVE

As the beginning of year

Less: Exercise of share options

Less: Lapse of share options

As at end of year

Representing non-distributable reserve (Group):

- Share based payment reserve

- Redemption of preference shares out of profits of a subsidiary\*

Representing non-distributable reserve (Company):

- Share based payment reserve

Group	
2014 US\$	2013 US\$
753,510	877,270
(3,915)	(67,341)
—	(56,419)
749,595	753,510
2,713	6,628
746,882	746,882
749,595	753,510
2,713	6,628

\* This amount arose from redemption of preference shares issued by a subsidiary in financial year 2012.

## 22. REVENUE

Sale of finished products and components

Rendering of design services

Group	
2014 US\$	2013 US\$
12,122,132	9,748,800
1,526,400	422,052
13,648,532	10,170,852

## 23. OTHER OPERATING INCOME

Amounts due to third parties written off

Government grants received

Foreign exchange gain, net

Interest Income

Others

Group	
2014 US\$	2013 US\$
99,991	51,613
31,659	39,695
46,045	—
117	—
900	171,039
178,712	262,347

Government grants relates to income received from Innovation Voucher Scheme for the EMA Funding project and grant from Inland Revenue Authority of Singapore. There is no unfulfilled condition or contingencies attached to these grants.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 24. OTHER OPERATING EXPENSES

	Group	
	2014 US\$	2013 US\$
Amortisation of intangible assets (Note 7)	1,695,893	1,108,629
Bank charges	23,548	10,747
Depreciation of plant and equipment (Note 3)	259,155	245,826
Foreign exchange loss, net	—	132,129
Plant and equipment written off	70,685	—
Inventory written off	82,117	29,255
Labour cost	40,224	29,046
Laboratory usage	40,115	97,497
Repairs and maintenance	340,989	266,612
Impairment of trade receivables (Note 34 (iii))	—	7,732
Trade receivables written off	16,026	—
Telecommunications	67,547	63,794
Transportations	9,458	6,626
Travelling	79,039	35,261
Utilities	32,519	47,970
Others	23,760	8,870
	<u>2,781,075</u>	<u>2,089,994</u>

## 25. FINANCE EXPENSES

	Group	
	2014 US\$	2013 US\$
Interest on loans	272,109	287,749
Interest on late payment	22,421	4,159
Interest on lease obligations	3,266	3,870
Fair value adjustment on borrowings	—	217,787
	<u>297,796</u>	<u>513,565</u>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 26. PROFIT / (LOSS) BEFORE INCOME TAX

This is determined after charging / (crediting) the following:

	Group	
	2014 US\$	2013 US\$
Amortisation of intangible assets (Note 7)	1,695,893	1,108,629
Audit fees	63,782	56,386
Allowance for impairment of trade receivables (Note 34 (iii))	—	7,732
Depreciation of plant and equipment (Note 3)	259,155	245,826
Directors' remuneration (Note 29)		
- Directors of the Company	562,900	508,112
Directors' fees (Note 29)	127,940	127,940
Trade receivables written off	16,026	—
Plant and equipment written off	70,685	—
Employee benefits expense (Note 30)*	2,386,038	1,597,970
Foreign exchange (gain) / loss, net	(46,045)	132,129
Inventories recognised as an expense in cost of sales (Note 9)	6,028,649	4,847,547
Operating lease expenses	365,981	211,059

\* This includes the amount shown as directors' remuneration.

## 27. INCOME TAX CREDIT

	Group	
	2014 US\$	2013 US\$
Current tax expense	—	—
Deferred tax:		
- Current year	(45,325)	10,425
- Under provision in prior years	45,325	127,393
Income tax credit	—	137,818



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 27. INCOME TAX CREDIT (CONTINUED)

The reconciliation of the tax credit and the product of accounting profit / (loss) multiplied by the applicable rate is as follows:

	Group	
	2014 US\$	2013 US\$
Profit / (Loss) before income tax	44,936	(225,180)
Tax at the applicable tax rate of 17% (2013: 17%)	7,639	(38,281)
Different tax rates in other countries	(1,707)	–
Expenses not deductible for tax purposes	75,433	16,028
Income not subject to tax	(2,621)	–
Tax incentives	(49,709)	–
Under provision of deferred tax assets in prior years	(45,325)	(127,393)
Deferred tax assets not recognised	16,290	11,828
Income tax credit	–	(137,818)

## 28. EARNINGS / (LOSS) PER SHARE

The calculations of earnings / (loss) per share are based on the profit / (loss) and numbers of shares shown below.

	Basic		Diluted	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Profit / (Loss) attributable to shareholders	44,936	(87,362)	44,936	(87,362)

### Weighted average number of shares

	Number of shares	
	2014	2013
For basic earnings per share	1,179,396,002	1,165,571,799
Effect of dilutive potential ordinary shares		
- Share options pursuant to the Scheme	2,072,727	5,360,964
For diluted earnings per share	1,181,468,729	1,170,932,763

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 28. EARNINGS /(LOSS) PER SHARE (CONTINUED)

### Weighted average number of shares (Continued)

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares represent 2010 share options (Note 20).

For the number of 2010 share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The differences are added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to earnings (numerator).

## 29. RELATED PARTY

Details of compensation of key management personnel is as follows:

	Group	
	2014 US\$	2013 US\$
Salaries, bonus and others	908,121	877,022
Contributions to defined contribution plans	50,847	49,138
	958,968	926,160
Directors' fees	127,940	127,940
Total compensation paid / payable to key management personnel	1,086,908	1,054,100
Comprised of amount due to:		
Directors of the Company		
- Fees	127,940	127,940
- Remuneration and contribution to defined contribution plans	562,900	508,112
	690,840	636,052
Other key management personnel	396,068	418,048
	1,086,908	1,054,100

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

Outstanding balances as at 31 March 2014 owing to the directors of the Company are disclosed in Note 15.

There has been no other related party transaction entered into during the financial year.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 30. EMPLOYEE BENEFITS

Employee benefits expense (including directors):

- Salaries, bonuses and others
- Contribution to defined contribution plans
- Job credit scheme

Directors' fees

Charged to consolidated statement of comprehensive income

Capitalised in development expenditure (Note 7)

Group	
2014 US\$	2013 US\$
3,929,930	3,483,349
350,044	334,534
—	(2,722)
4,279,974	3,815,161
127,940	127,940
4,407,914	3,943,101
2,386,038	1,597,970
2,021,876	2,345,131
4,407,914	3,943,101

## 31. CONTINGENT LIABILITIES AND COMMITMENTS

### (i) Corporate Guarantee

As at 31 March 2014, corporate guarantees given to financial institutions, in connection with the facilities granted to subsidiaries (Note 18) amounted to approximately US\$2.9 million (2013: US\$2.8 million). The facilities are for working capital purposes. As at 31 March 2014, the Company did not consider it probable that a claim would be made against the Company under the guarantee and therefore the fair value of the guarantee is immaterial.

### (ii) Non-cancellable operating lease commitments

As at the end of the reporting period, the Group has various non-cancellable operating lease agreements for equipment, offices and other facilities. The leases have varying items, escalation clauses and renewable rights. The lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the financial year end date but not recognised as liabilities are as follows:

Future minimum lease payments:

- Within one year
- Later than one year but not later than five years

Group	
2014 US\$	2013 US\$
405,704	151,955
588,959	8,165
994,663	160,120

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 32. SIGNIFICANT EVENT DURING THE YEAR

On 24 March 2014, the Company has entered into a Conditional Sale and Purchase Agreement (“CSPA”) with an entity incorporated in People’s Republic of China, namely 天成恒盛(北京)科技有限公司 (the “Buyer”), to dispose of its wholly-owned subsidiary, Addvalue Communications Pte Ltd for a total Disposal Consideration of S\$330,000,000.

The completion of the CSPA is subject to, amongst others, the fulfillment of following conditions precedent:

- (a) All relevant approvals, consents and authorization from Chinese Foreign Exchange Control Bureau (“FECB”), a government authority of People’s Republic of China, having been obtained;
- (b) Execution of an escrow agreement to govern the release of AVC’s shares to the Buyer;
- (c) The payment of an initial deposit by the Buyer into the Company’s designated account, amounting to S\$33 million (“Initial Deposit”) and subsequent payments into a Joint Account;
- (d) The approval of the shareholders of the Company for the Disposal at the extraordinary general meeting;
- (e) Submission of the relevant notification of shares transfer to the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”) to have the Buyer reflected as the new holder of all the AVC Shares (the “Transfer Notification”); and
- (f) Approval from supervisory authority over the Buyer

In accordance with the CSPA, the Initial Deposit is payable within 7 working days from the date of receipt of approval from the Chinese FECB for the repatriation of Disposal Consideration by the Buyer to be applied within 15 working days from the date of the CSPA; and the Transfer Notification is to be submitted to the ACRA no later than 50 working days from the date of CSPA.

As of the date of this report, the Company has yet to receive the Initial Deposit as the Buyer is still processing the necessary approvals for the remittance of the Initial Deposit (including the approval of the Chinese FECB). On 7 June 2014, the Company has received indication that the Buyer is agreeable in principle to extend the Transfer Notification submission deadline to 50 working days after the receipt of the Initial Deposit. The management of the Group is not aware of any impediments to the grant of the FECB approval.

## 33. SEGMENT INFORMATION

For management purposes, the Group organised their reportable segment based on their geographical areas which represents their strategic business units because the geographical segments as the Group’s risks and rates of return are affected predominantly by geographical areas.

The Group is engaged in a single business of sales of telecommunication equipment and related products and components and provision of related design services. During the reporting years, the Group has three reportable segments, as described below, which are the Group’s strategic business units. For each of the strategic business units, the directors review internal management reports on a regular basis. The following summary describes the operations in each of the Group’s reportable segments:

- Segment 1: Europe included sales made to customers based in Spain, United Kingdom and other countries within the region;
- Segment 2: North America included sales made to customers based in United States of America, Canada and other countries within the region;
- Segment 3: Asia Pacific and others included sales made to customers based in Singapore, Korea, China, Philippines, UAE, and other countries.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.





# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 33. SEGMENT INFORMATION (CONTINUED)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group's financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. There is no transfer pricing between operating segments as there is no inter-segment transaction.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

As at 31 March 2014	Europe US\$	North America US\$	Asia Pacific & Others US\$	Consolidated US\$
<b>Revenue</b>				
Total revenue from external customers	2,154,948	4,790,725	6,702,859	13,648,532
<b>Segment result</b>	377,788	665,368	1,199,518	2,242,674
<b>Unallocated expenses *</b>				(2,078,654)
Other income				178,712
Finance expenses				(297,796)
<b>Profit before income tax</b>				44,936
<b>Segment assets</b>				
- Segment assets	960,023	799,631	22,912,962	24,672,616
- Deferred tax assets				2,152,079
Total assets				26,824,695
<b>Segment liabilities</b>	521,756	725,727	6,592,657	7,840,140
<b>Other Information</b>				
Capital expenditure				
- Plant and equipment	—	—	819,391	819,391
- Intangible assets	—	—	2,165,941	2,165,941
Depreciation and amortisation**	125,253	677,277	1,152,518	1,955,048

\* Unallocated expenses mainly represent administrative expenses not directly attributable to revenue generated from customers.

\*\* Depreciation and amortisation were allocated based on revenue contribution from each segment.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 33. SEGMENT INFORMATION (CONTINUED)

As at 31 March 2013	Europe US\$	North America US\$	Asia Pacific & Others US\$	Consolidated US\$
<b>Revenue</b>				
Total revenue from external customers	1,309,228	5,254,406	3,607,218	10,170,852
<b>Segment result</b>	345,371	1,097,324	282,595	1,725,290
<b>Unallocated expenses *</b>				(1,699,252)
Other income				262,347
Finance expenses				(513,565)
<b>Loss before income tax</b>				(225,180)
<b>Segment assets</b>				
- Segment assets	905,835	2,625,506	19,649,277	23,180,618
- Deferred tax assets				2,152,079
Total assets				25,332,697
<b>Segment liabilities</b>	415,218	433,350	5,699,138	6,547,706
<b>Other Information</b>				
Capital expenditure				
- Plant and equipment	—	—	200,520	200,520
- Intangible assets	—	—	2,717,020	2,717,020
Depreciation and amortisation**	156,616	499,971	697,868	1,354,455

\* Unallocated expenses mainly represent administrative expenses not directly attributable to revenue generated from customers.

\*\* Depreciation and amortisation were allocated based on revenue contribution from each segment.



# NOTES TO THE FINANCIAL STATEMENTS

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## 33. SEGMENT INFORMATION (CONTINUED)

All non-current assets of the Group are located in Singapore. Revenue from external customers are mainly derived from sales of land and maritime communication products. Breakdown of the revenue is as follows:

	Group	
	2014 US\$	2013 US\$
Land communication products	1,569,923	1,566,930
Maritime communication products	9,810,556	7,232,117
Design services	1,526,400	422,052
Components and other sales	741,653	949,753
	<b>13,648,532</b>	<b>10,170,852</b>

The countries from which the Group derives revenue are mainly as follows:

	Revenue	
	2014 US\$	2013 US\$
Country of domicile		
- Singapore	1,318,762	692,080
Foreign countries		
- United States of America	3,643,261	3,935,038
- Korea	2,360,536	367,238
- UAE	1,909,459	279,171
- United Kingdom	1,118,915	414,563
- China	1,158,491	312,589
- Canada	1,144,146	1,317,084
- Phillippines	—	915,000
- Others*	994,962	1,938,089
	<b>13,648,532</b>	<b>10,170,852</b>

\* Others comprise Australia, Japan, Taiwan, Spain, Norway and Netherlands.

### Major customers

In 2014, revenue of the Group was attributable to major customers as follows:

- One major customer located in North America, Europe and Asia Pacific, totalling US\$5,404,000.
- Two major customers located in Asia Pacific, each amounted to US\$2,360,000 and US\$2,009,000.

In 2013, revenue of US\$3,070,000 and US\$1,888,000 were each attributed to two major customers located in North America.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 34. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy not to trade in derivative contracts.

The Group sells its products / services in several countries and for some of such overseas sales, it transacts in Singapore dollar, Euro dollar and Renminbi. Borrowings by the subsidiary are denominated in Singapore dollar. As a result, movements in Singapore dollar, Euro dollar and Renminbi exchange rates are the main foreign exchange risk which the Group is exposed to. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and existing and firm purchases and sales commitments. The Group has not entered into any derivative instruments for hedging or trading purposes.

### (i) Market risk

#### (a) Foreign exchange risk

Group As at 31 March 2014	United States dollar US\$	Singapore dollar US\$	Euro dollar US\$	Renmimbi US\$	Others * US\$	Total US\$
<b>Financial assets</b>						
Amounts due from customers for contract work	686,071	183,491	—	—	—	869,562
Trade receivables	1,981,769	433,667	—	273,195	—	2,688,631
Other receivables and deposits	535,028	162,763	—	219,121	—	916,912
Available-for-sale financial assets	4,575	—	—	—	—	4,575
Fixed deposit	—	47,028	—	—	—	47,028
Cash and bank balances	187,931	19,925	—	49,354	—	257,210
Intragroup receivables	2,158,686	3,749,563	—	—	—	5,908,249
	5,554,060	4,596,437	—	541,670	—	10,692,167
<b>Financial liabilities</b>						
Trade payables	1,888,400	63,134	234,091	—	23,299	2,208,924
Other payables and accruals	93,500	1,730,900	—	8,078	40,118	1,872,596
Borrowings	—	2,956,452	—	—	—	2,956,452
Intragroup payables	2,158,686	3,749,563	—	—	—	5,908,249
	4,140,586	8,500,049	234,091	8,078	63,417	12,946,221
Net financial assets / (liabilities)	1,413,474	(3,903,612)	(234,091)	533,592	(63,417)	(2,254,054)
Less: Net financial assets denominated in the respective entities' functional currencies	(1,378,486)	—	—	(51,787)	—	(1,430,273)
Foreign currency exposure	34,988	(3,903,612)	(234,091)	481,805	(63,417)	(3,684,327)

\* Others comprise British Pound Sterling, Hong Kong dollar, Malaysian Ringgit and Japanese Yen.



# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (i) Market risk (Continued)

##### (a) Foreign exchange risk (Continued)

Group As at 31 March 2013	United States dollar US\$	Singapore dollar US\$	Euro dollar US\$	Renmimbi US\$	Others * US\$	Total US\$
<b>Financial assets</b>						
Amounts due from customers for contract work	—	94,364	—	—	—	94,364
Trade receivables	3,611,237	111,813	128,504	127,912	—	3,979,466
Other receivables and deposits	520,000	87,775	—	—	—	607,775
Available-for-sale financial assets	2,135	—	—	—	—	2,135
Fixed deposit	—	47,578	—	—	—	47,578
Cash and bank balances	108,750	60,797	—	28,204	—	197,751
Intragroup receivables	1,567,017	3,801,819	—	—	—	5,368,836
	5,809,139	4,204,146	128,504	156,116	—	10,297,905
<b>Financial liabilities</b>						
Trade payables	1,480,709	72,573	550,846	—	3,771	2,107,899
Other payables and accruals	117,310	1,216,051	—	6,679	1,613	1,341,653
Borrowings	—	2,758,811	—	—	—	2,758,811
Intragroup payables	1,567,017	3,801,819	—	—	—	5,368,836
	3,165,036	7,849,254	550,846	6,679	5,384	11,577,199
Net financial assets / (liabilities)	2,644,103	(3,645,108)	(422,342)	149,437	(5,384)	(1,279,294)
Less: Net financial assets denominated in the respective entities' functional currencies	(2,644,103)	—	—	—	—	(2,644,103)
Foreign currency exposure	—	(3,645,108)	(422,342)	149,437	(5,384)	(3,923,397)

\* Others comprise British Pound Sterling, Hong Kong dollar and Malaysian Ringgit.

# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (i) Market risk (Continued)

##### (a) Foreign exchange risk (Continued)

Company As at 31 March 2014	United States dollar US\$	Singapore dollar US\$	Total US\$
<b>Financial assets</b>			
Available-for-sale financial assets	4,575	–	4,575
Other receivables	118	–	118
Due from subsidiaries (non-trade)	2,157,734	3,676,850	5,834,584
Cash and bank balances	–	9,552	9,552
	<u>2,162,427</u>	<u>3,686,402</u>	<u>5,848,829</u>
<b>Financial liabilities</b>			
Other payables and accruals	6,000	957,423	963,423
	<u>6,000</u>	<u>957,423</u>	<u>963,423</u>
Net financial assets	2,156,427	2,728,979	4,885,406
Less: Net financial assets denominated in the Company's functional currency	(2,156,427)	–	(2,156,427)
Foreign currency exposure	<u>–</u>	<u>2,728,979</u>	<u>2,728,979</u>



# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (i) Market risk (Continued)

##### (a) Foreign exchange risk (Continued)

Company As at 31 March 2013	United States dollar US\$	Singapore dollar US\$	Total US\$
<b>Financial assets</b>			
Available-for-sale financial assets	2,135	–	2,135
Due from subsidiaries (non-trade)	1,642,336	3,729,106	5,371,442
Cash and bank balances	–	4,568	4,568
	<u>1,644,471</u>	<u>3,733,674</u>	<u>5,378,145</u>
<b>Financial liabilities</b>			
Other payables and accruals	–	404,343	404,343
Due to subsidiaries (non-trade)	75,319	–	75,319
	<u>75,319</u>	<u>404,343</u>	<u>479,662</u>
Net financial assets	1,569,152	3,329,331	4,898,483
Less: Net financial assets denominated in the Company's functional currency	(1,569,152)	–	(1,569,152)
Foreign currency exposure	<u>–</u>	<u>3,329,331</u>	<u>3,329,331</u>

#### Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the United States dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (i) Market risk (Continued)

##### (a) Foreign exchange risk (Continued)

##### Foreign exchange risk sensitivity (Continued)

If the United States dollar strengthens by 10% (2013: 10%) against the relevant foreign currency, with all other variables held constant, profit or loss for the year and other equity will increase / (decrease) by:

As at 31 March 2014	United States dollar US\$	Singapore dollar US\$	Euro dollar US\$	Renmimbi US\$	Others US\$	Total US\$
Group						
Profit for the year	2,904	324,000	19,430	(39,990)	5,264	311,608
Company						
Loss for the year	–	226,505	–	–	–	226,505

As at 31 March 2013	United States dollar US\$	Singapore dollar US\$	Euro dollar US\$	Renmimbi US\$	Others US\$	Total US\$
Group						
Loss for the year	–	(302,544)	(35,054)	12,403	(447)	(325,642)
Company						
Profit for the year	–	(276,334)	–	–	–	(276,334)

A weakening of the USD against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (i) Market risk (Continued)

##### *(b) Interest rate risk*

The Group obtains additional financing through borrowings from financial institutions. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 March 2014, there were no such financing arrangements, interest rate swap contracts or other derivative instruments being outstanding.

Interests on the Group's borrowings (Note 17) and amount due to a shareholder (Note 15) are on fixed rates that prevail until the maturity of the instruments. No other financial instrument of the Group is subject to interest rate risks.

##### Interest risk sensitivity

The Group's consolidated statement of comprehensive income and equity are not affected by changes in interest rates as the interest-bearing financial instruments carry fixed interest until maturity. Hence, the Group's exposure to interest rate risk is minimal.

#### (ii) Liquidity risk

The Group manages its liquidity risk by ensuring the availability of funding through committed credit facilities from a bank and financial institutions. In addition, the Group has also sought for investment funds via issuing of shares and convertible loan to finance its cash flow and operations.

The Group's trade payables are non-interest bearing and normally settled on 30 to 90 days terms while other payables have an average term of 30 days. The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group and the Company can be required to pay.

# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (ii) Liquidity risk (Continued)

#### Group

##### As at 31 March 2014

	On demand or within 1 year US\$	Later than 1 year and not later than 5 years US\$
Trade payables	2,208,924	—
Other payables and accruals	1,872,596	—
Borrowings	60,173	3,477,362
	<u>4,141,693</u>	<u>3,477,362</u>

##### As at 31 March 2013

Trade payables	2,107,899	—
Other payables and accruals	1,341,653	—
Borrowings	3,010,159	20,615
	<u>6,459,711</u>	<u>20,615</u>

#### Company

##### As at 31 March 2014

Other payables and accruals	<u>963,423</u>
-----------------------------	----------------

##### As at 31 March 2013

Other payables and accruals	404,343
Due to subsidiaries (non-trade)	75,319
	<u>479,662</u>

On demand or  
within 1 year  
US\$



# NOTES TO THE FINANCIAL STATEMENTS

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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. In addition, receivables are closely monitored on an ongoing basis.

Included in the Group's trade receivables are the following major customers:

	2014		2013	
	Number of customers	%	Number of customers	%
North America	1	19	2	61
Asia Pacific & others	2	29	–	–

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

	Company	
	2014 US\$	2013 US\$
Corporate guarantees provided to banks on subsidiary's loans	2,879,941	2,758,811

The Group's trade receivables are non-interest bearing and are generally ranging from 0 to 90 days (2013: 0 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's and the Company's major classes of financial assets are cash and bank balances and trade receivables. The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2014 US\$	2013 US\$
By geographical areas		
- Europe	162,601	377,489
- North America	775,086	2,609,258
- Asia Pacific and others	1,750,944	992,719
	2,688,631	3,979,466

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (iii) Credit risk (Continued)

By type of revenue

- Sales of finished products and components
- Design services

Group	
2014 US\$	2013 US\$
2,301,932	3,884,553
386,699	94,913
<u>2,688,631</u>	<u>3,979,466</u>

The carrying amounts of cash and bank balances, trade and other receivables, represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the statement of financial position are net of allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

The age analysis of trade receivables is as follows:

Not past due and not impaired

Past due but not impaired

- Past due 0 to 3 months
- Past due 3 to 6 months
- Past due over 6 months

Impaired trade receivables

Less: Allowance for doubtful trade receivables

Group	
2014 US\$	2013 US\$
1,853,201	3,043,477
755,154	563,760
57,097	111,320
23,179	260,909
<u>835,430</u>	<u>935,989</u>
19,679	19,679
(19,679)	(19,679)
<u>2,688,631</u>	<u>3,979,466</u>



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (iii) Credit risk (Continued)

The movement in allowance for doubtful trade receivables is as follows:

	Group	
	2014 US\$	2013 US\$
As at beginning of year	19,679	11,947
Allowance made during the year	–	7,732
As at end of the year	19,679	19,679

Trade receivables that are not past due and not impaired are with creditworthy debtors with good payment records with the Group.

Included in the Group's trade receivables are an aggregate amount of US\$835,430 (2013: US\$935,989) that are past due but not impaired. These relate to a number of independent customers of subsidiaries that have a good track record. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

At the balance sheet date, other than as disclosed elsewhere, the Group's significant credit risk exposure to single counterparty or group of counterparties having similar characteristics without collaterals, are analysed as follows:

- Included in deposit (Note 12) was an amount of US\$500,000 (2013: US\$500,000) paid to a major subcontractor as advances which are fully refundable upon termination of contract; and
- Included in staff loan and advances (Note 12) was an amount of US\$197,097 (2013: Nil) due from an employee of the Group.

#### (iv) Financial instruments by category

The carrying amount of the different categories of financial instruments as follows:

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Financial assets:				
- Loans and receivables	4,779,343	4,926,934	5,844,254	5,376,010
- Available-for-sale	4,575	2,135	4,575	2,135
	4,783,918	4,929,069	5,848,829	5,378,145
Financial liabilities at amortised cost	7,037,972	6,208,363	963,423	479,662

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014  
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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair values of financial assets and financial liabilities

#### A. Fair value of financial instruments by classes that are carried at fair value

##### Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments carried at fair value on a recurring and non-recurring basis by level of fair value hierarchy:

	Group and Company			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>As at 31 March 2014</b>				
Recurring:				
<u>Financial assets</u>				
Available-for-sale financial assets	4,575	–	–	4,575
<b>As at 31 March 2013</b>				
Recurring:				
<u>Financial assets</u>				
Available-for-sale financial assets	2,135	–	–	2,135

##### Determination of fair value

Fair value of Available-for-sale financial assets is determined directly by reference to their published market bid price at the financial year end date.

#### B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances, current trade and other receivables, borrowings (current) and payables, due from / (to) subsidiaries are reasonable approximation of fair values due to their relative short-term nature.



# NOTES TO THE FINANCIAL STATEMENTS

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For The Financial Year Ended 31 March 2014  
(Amounts in United States dollar)

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### **Fair values of financial assets and financial liabilities (Continued)**

#### **C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

The non-current portion of borrowings of the Group which is carried at amortised cost and bear a fixed interest rate. Fair value information is not disclosed as there is a lack of market information of comparable instruments with similar characteristics and risk profile.

### **Capital risk management policies and objectives**

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital and reserves.

The Board of Directors reviews the capital structure on an annual basis. As part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board of Directors, the Group will balance its overall capital structure, where feasible, through the payment of dividends and new share as well as the issue of new debt.

The Group's overall strategy remains unchanged from 2013.



# ANALYSIS OF SHAREHOLDINGS

## Distribution of shareholdings as at 30 June 2014

Number & Class of shares	: 1,187,355,813
Voting rights	- On a show of hands : one vote per member
	- On a poll : one vote per share

## Distribution of shareholdings as at 30 June 2014

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	37	0.84	15,354	0.0013
1,000 - 10,000	1,816	41.04	9,719,570	0.8186
10,001 - 1,000,000	2,469	55.80	248,523,540	20.9308
1,000,001 and above	103	2.33	929,097,349	78.2493
<b>Total</b>	<b>4,425</b>	<b>100.00</b>	<b>1,187,355,813</b>	<b>100.0000</b>

As at 30 June 2014, the percentage of shareholdings held in the hands of the public was 80.69% and Rule 723 of the Listing Manual is complied with.

## 20 largest registered shareholders as at 30 June 2014 as shown in the Registers of Members

No.	Name	No. of Shares	%
1	HSBC (SINGAPORE) NOMS PTE LTD	105,159,000	8.86
2	CREST CAPITAL ASIA PTE LTD	98,000,000	8.25
3	ORIENTAL MAYA (S'PORE) PTE LTD	54,000,000	4.55
4	TAN KHAI PANG *	41,875,360	3.53
5	CHAN KUM LOK COLIN	39,190,960	3.30
6	OCBC SECURITIES PRIVATE LTD	37,683,840	3.17
7	UOB KAY HIAN PTE LTD	32,618,000	2.75
8	CITIBANK NOMS S'PORE PTE LTD	31,187,006	2.63
9	CHAN KUM ONN ROGER	29,556,240	2.49
10	HONG LEONG FINANCE NOMINEES PL	20,100,000	1.69
11	LIM HAN BOON	19,990,560	1.68
12	CHIA MIA NGUANG	18,300,000	1.54
13	WONG KOON CHUE @ WONG KOON CHUA	18,206,000	1.53
14	NG SER MIANG	18,053,000	1.52
15	RAFFLES NOMINEES (PTE) LTD	18,023,760	1.52
16	GOH POH HENG	16,500,000	1.39
17	THE ENTERPRISE FUND II LTD	16,000,000	1.35
18	PHILLIP SECURITIES PTE LTD	15,472,000	1.30
19	DBS NOMINEES PTE LTD	12,868,000	1.08
20	DBS VICKERS SECS (S) PTE LTD	12,306,833	1.04
		<b>655,090,559</b>	<b>55.17</b>

\* Mr Tan Khai Pang is also the beneficial owner of 9,800,000 shares held by Hong Leong Finance Nominees PL.

## SUBSTANTIAL SHAREHOLDERS INFORMATION

(As recorded in the Register of Substantial Shareholders)

Name	No. of Shares	%
Merida Resources Incorporated	60,097,000	5.06%



# NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Addvalue Technologies Ltd will be held at the Registered Office of the Company at 8 Tai Seng Link (Level 5) Wing 2, Singapore 534158 on Wednesday, 30 July 2014 at 10.00 a.m. to transact the following businesses:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2014 together with the reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect Mr Ang Eng Lim, a Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 2)**

*Mr Ang Eng Lim will, upon re-election as a Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue as the Chairman of the Remuneration Committee and a member of the Nominating Committee.*

3. To approve the Directors' Fee of S\$160,000 for the financial year ended 31 March 2014 (2013: S\$160,000). **(Resolution 3)**
4. To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

## AS SPECIAL BUSINESS

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

5. Authority to allot and issue shares

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

- (a)
  - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
  - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues; and
- (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:
  - (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of

# NOTICE OF ANNUAL GENERAL MEETING

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

- (a) new shares arising from the conversion or exercise of convertible securities, or
  - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
  - (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.”

**(Resolution 5)**

**(See Explanatory Note 1)**

## 6. Proposed renewal of Share Buyback Mandate

“That:

- (a) for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period, at such price(s) 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) (“**Market Purchase**”), transacted on SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and /or
  - (ii) off-market purchase(s) (“**Off-Market Purchase**”) effected pursuant to an equal access scheme or schemes as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual;
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company (“**AGM**”) or the date by which such AGM is required by law to be held;
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or



## NOTICE OF ANNUAL GENERAL MEETING

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(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by ordinary resolution of the Company in general meeting;

(c) in this Resolution:

**“Prescribed Limit”** means that number of issued Shares representing 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period or within any one financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

**“Relevant Period”** means the period commencing from the date on which the EGM is held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

**“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:-

(i) in the case of a Market Purchase : 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase : 120% of the Highest Last Dealt Price, where:

**“Average Closing Price”** means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period;

**“Highest Last Dealt Price”** means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

**“day of the making of the offer”** means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.”

(Resolution 6)  
(See Explanatory Note 2)

# NOTICE OF ANNUAL GENERAL MEETING

## ANY OTHER BUSINESS

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

## BY ORDER OF THE BOARD

Foo Soon Soo  
Company Secretary

Singapore, 15 July 2014

## Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.
3. The instrument appointing a proxy must be lodged at 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158 not less than 48 hours before the time appointed for the Meeting.

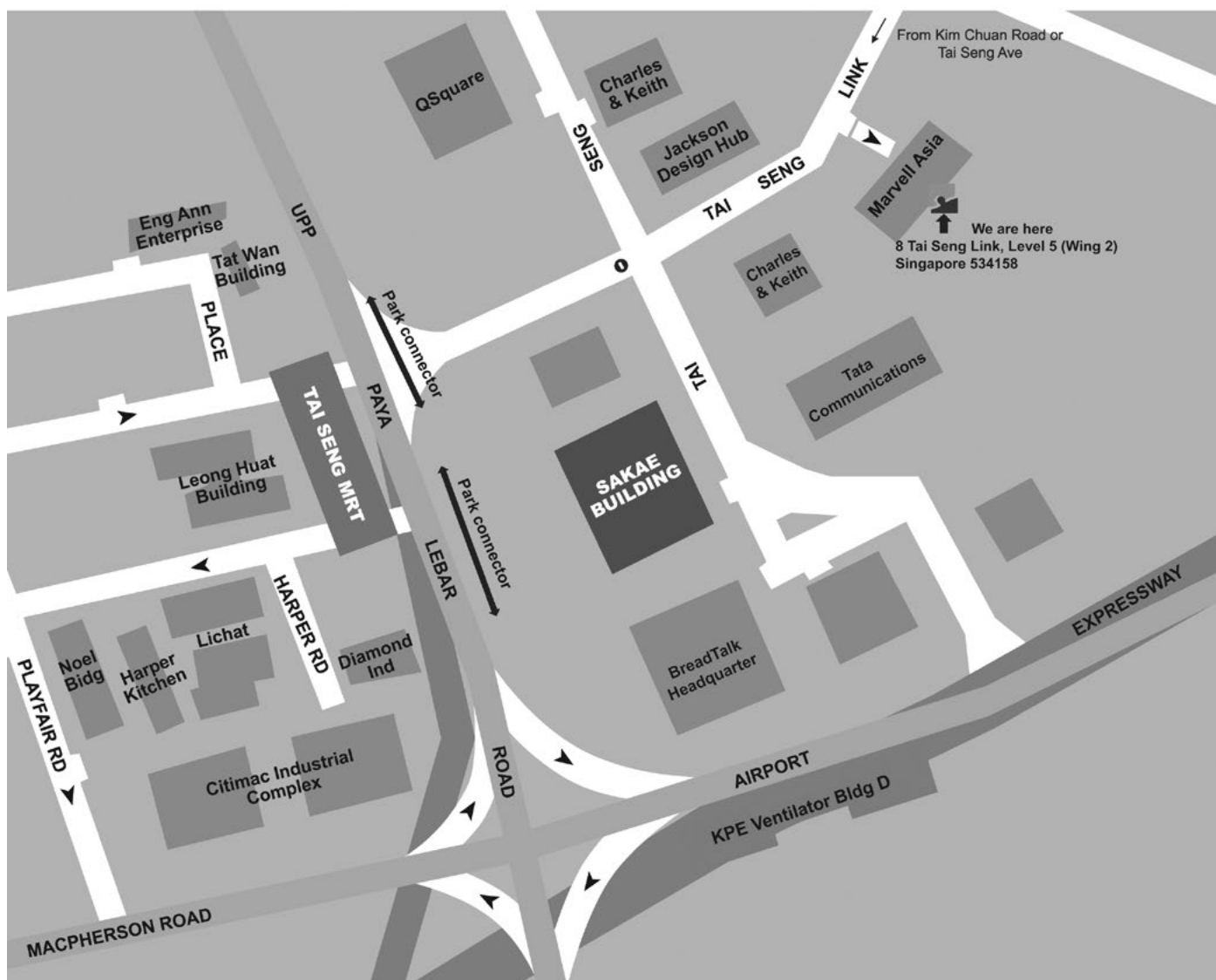
## Explanatory Notes on Special Business to be transacted:

1. **Resolution 5**, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issues consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
2. **Resolution 6** in item 6 relates to the renewal of mandate approved by shareholders on 26 July 2013 authorizing the Company to purchase its own shares subject to and in accordance with the rules of the SGX-ST. The details are set out in the circular to shareholders dated 15 July 2014 on the Renewal of the Share Purchase Mandate.



## NOTICE OF ANNUAL GENERAL MEETING

A map on the location of the venue (being the registered office of the Company) convening the Annual General Meeting is provided below:









# PROXY FORM

## ADDVALUE TECHNOLOGIES LTD

(Incorporated in the Republic of Singapore)

Registration No. 199603037H

### IMPORTANT

1. For investors who have used their CPF monies to buy ADDVALUE TECHNOLOGIES LTD shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ..... of .....  
..... being a member/members of Addvalue Technologies Ltd (the "Company"), hereby  
appoint

Name	Address	NRIC / Passport Number	Proportion of Shareholdings to be represented by proxy (%)

and/or (delete as appropriate)

--	--	--	--

as my/our proxy/proxies, to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158 on **Wednesday, 30 July 2014 at 10.00 a.m.** and at any adjournment thereof. I/ We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Resolutions relating to:	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2014 together with the reports of Directors and Auditors thereon.				
2.	To re-elect Mr Ang Eng Lim, a Director retiring under Article 104 of the Articles of Association of the Company.				
3.	To approve the Directors' Fee of S\$160,000 for the financial year ended 31 March 2014 (2013: S\$160,000).				
4.	To re-appoint Crowe Horwath First Trust LLP as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.				
	Special Business				
5.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				
6.	To approve the renewal of Share Buyback Mandate.				

\* Please indicate your vote "For" or "Against" with a "X" within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please cross "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Total Number of Shares Held)

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

**IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM**

## NOTES:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100% of the shareholding and any second-named proxy as alternate to the first-named.
3. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Registered Office at 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158, not less than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.



# LEVERAGING SPACE ALIGNING CONNECTIVITIES

ANNUAL REPORT 2014



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## ADDVALUE TECHNOLOGIES LTD

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